

Financial Results FY2025

May 21, 2026



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1 . Highlight

- | | |
|---|---|
| 1 | <p>Orders received decreased [Single Entity]</p> <ul style="list-style-type: none">▪ Overall orders decreased due to a decline in domestic Building Construction.▪ The decrease in domestic Building Construction is mainly due to planned restraint considering construction systems and period shifts of orders confirmed to the next term. Profitability at the time of order has continued to improve. |
| 2 | <p>Completed construction was down, while each profit increased [consolidation].</p> <ul style="list-style-type: none">▪ Due to a decrease in the group of subsidiaries, the completed construction amount decreased, while the standalone completed construction amount remained at the same level as the previous term.▪ Due to the improvement in the gross profit margin for domestic building construction, operating profit and each subsequent profit increased. |
| 3 | <p>Outlook for FY ending March 2027 [consolidation]</p> <ul style="list-style-type: none">▪ We forecast sales revenue of 500 billion yen and operating income of 31 billion yen (final year finance targets of the medium-term plan: sales revenue of 500 billion yen, operating income of 30 billion yen). |
| 4 | <p>Shareholder returns</p> <ul style="list-style-type: none">▪ The dividends for FY26/3 are 47 yen per share (20 yen for the interim and 27 yen for the year-end), with a dividend payout ratio of 40.2%.▪ Dividends for the period ending March 27 are 50 yen per share (25 yen interim, 25 yen year-end), and the dividend payout ratio is 41.6%. |

2. Financial results overview <Consolidated>

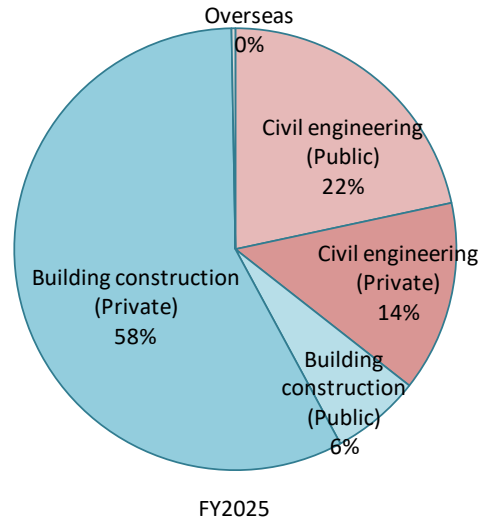
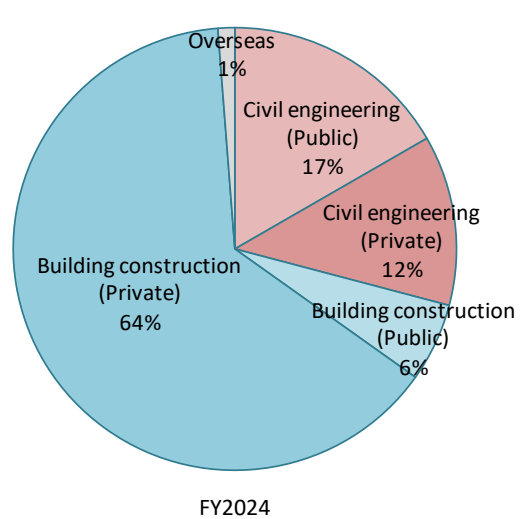
(100 millions of yen)

	A.FY2024	B.FY2025	B-A	C.FY2026 Forecasts	C-B
Net sales	4,986	4,877	(109)	5,000	123
Operating profit	143	271	128	309	38
Ordinary profit	144	270	126	310	40
Profit attributable to owners of parent	94	201	107	204	3
Orders received (Non-Consolidated)	3,794	3,162	(632)	3,879	717

3.Orders Received-1 <Non-Consolidated> Result and Forecasts

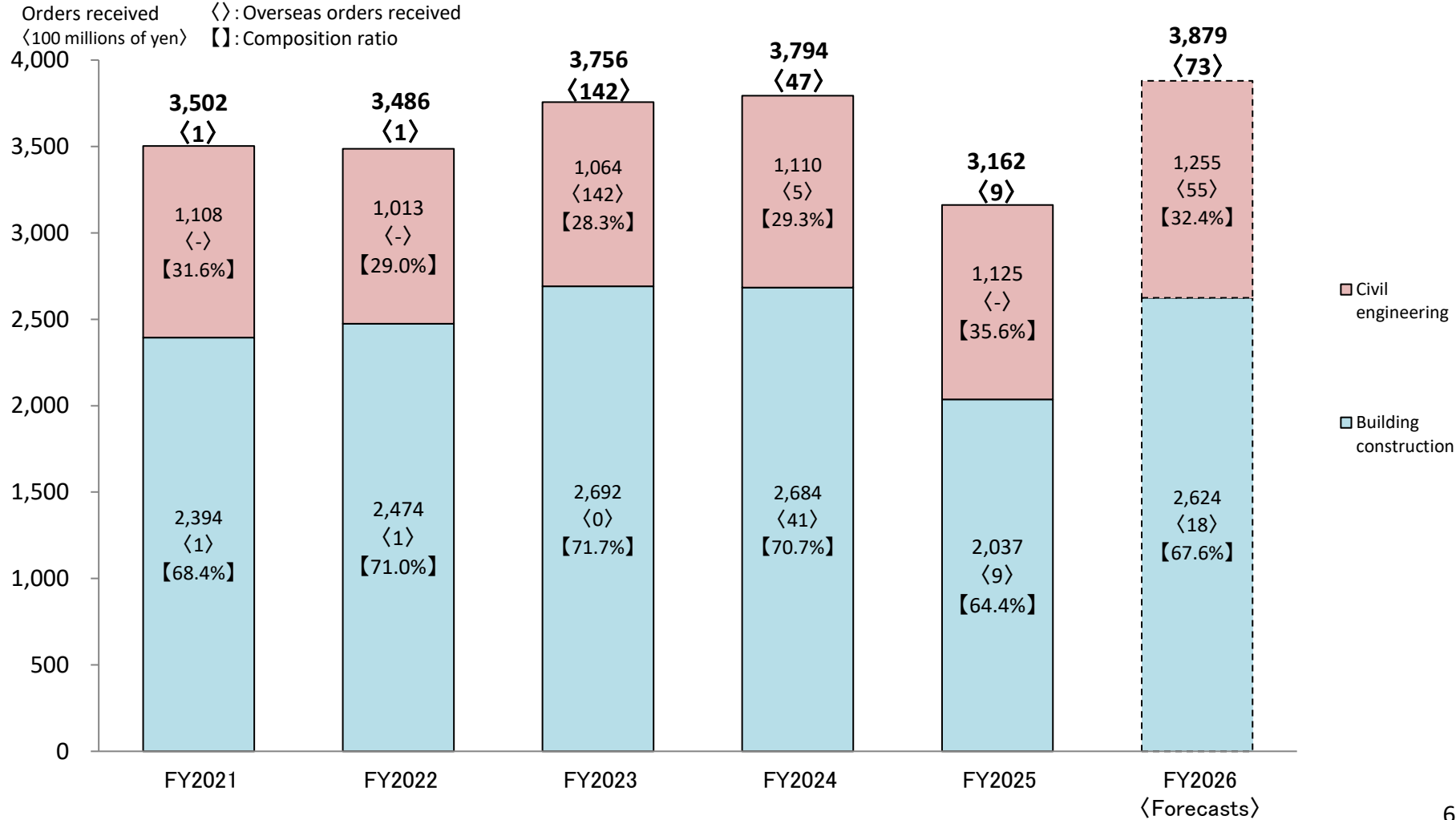
(100 millions of yen)

			A	B	C	C-A		C-B		D	D-C	
			FY2024	FY2025 (Forecasts)	FY2025		%		%	FY2026 (Forecasts)		%
Orders received	Civil engineering	Public	633	700	684	52	8.1	(16)	(2.3)	690	6	0.9
		Private	472	450	441	(31)	(6.5)	(9)	(2.0)	510	69	15.6
	Civil engineering		1,104	1,150	1,125	21	1.9	(25)	(2.1)	1,200	75	6.6
	Building construction	Public	218	200	207	(11)	(5.1)	7	3.3	251	44	21.5
		Private	2,425	2,160	1,821	(604)	(24.9)	(339)	(15.7)	2,355	534	29.3
	Building construction		2,643	2,360	2,028	(615)	(23.3)	(332)	(14.1)	2,606	578	28.5
	Domestic		3,747	3,510	3,153	(594)	(15.9)	(357)	(10.2)	3,806	653	20.7
	Overseas		47	90	9	(38)	(80.9)	(81)	(90.1)	73	64	720.2
	Orders received		3,794	3,600	3,162	(632)	(16.7)	(438)	(12.2)	3,879	717	22.7



3.Orders Received-2 <Non-Consolidated> Change

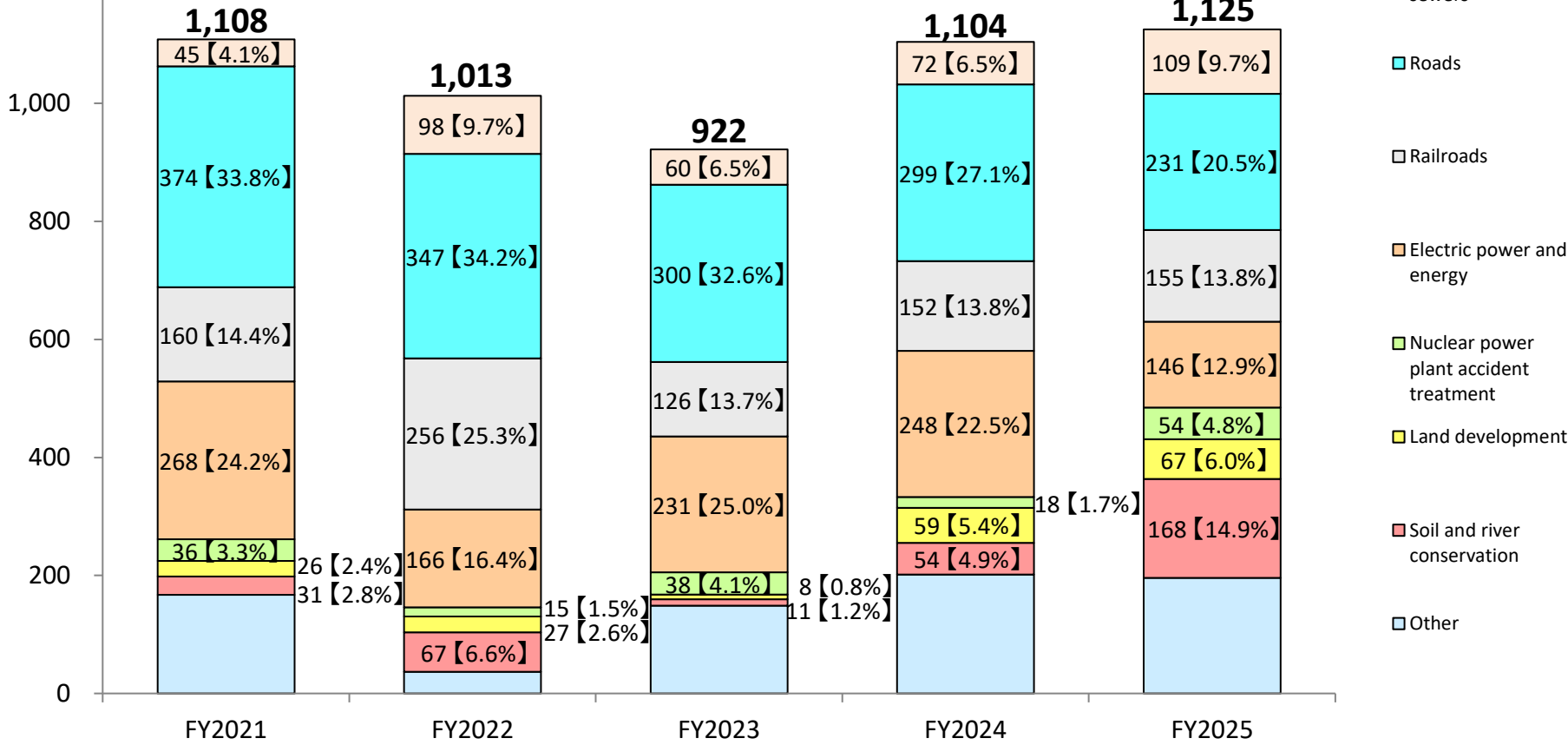
- In FY26/3, despite an increase in Civil Engineering, a decline in Building Construction resulted in it falling below the previous term.
- In FY27/3, order acquisitions are expected to exceed the level of FY25/3 and earlier.



3.Orders Received-3 <Non-Consolidated> Change <Domestic Civil Engineering>

- There were large orders through negotiated contracts and design changes, exceeding the previous term's results.
- Orders for large-scale dam projects increased in the fields of erosion control and water control.

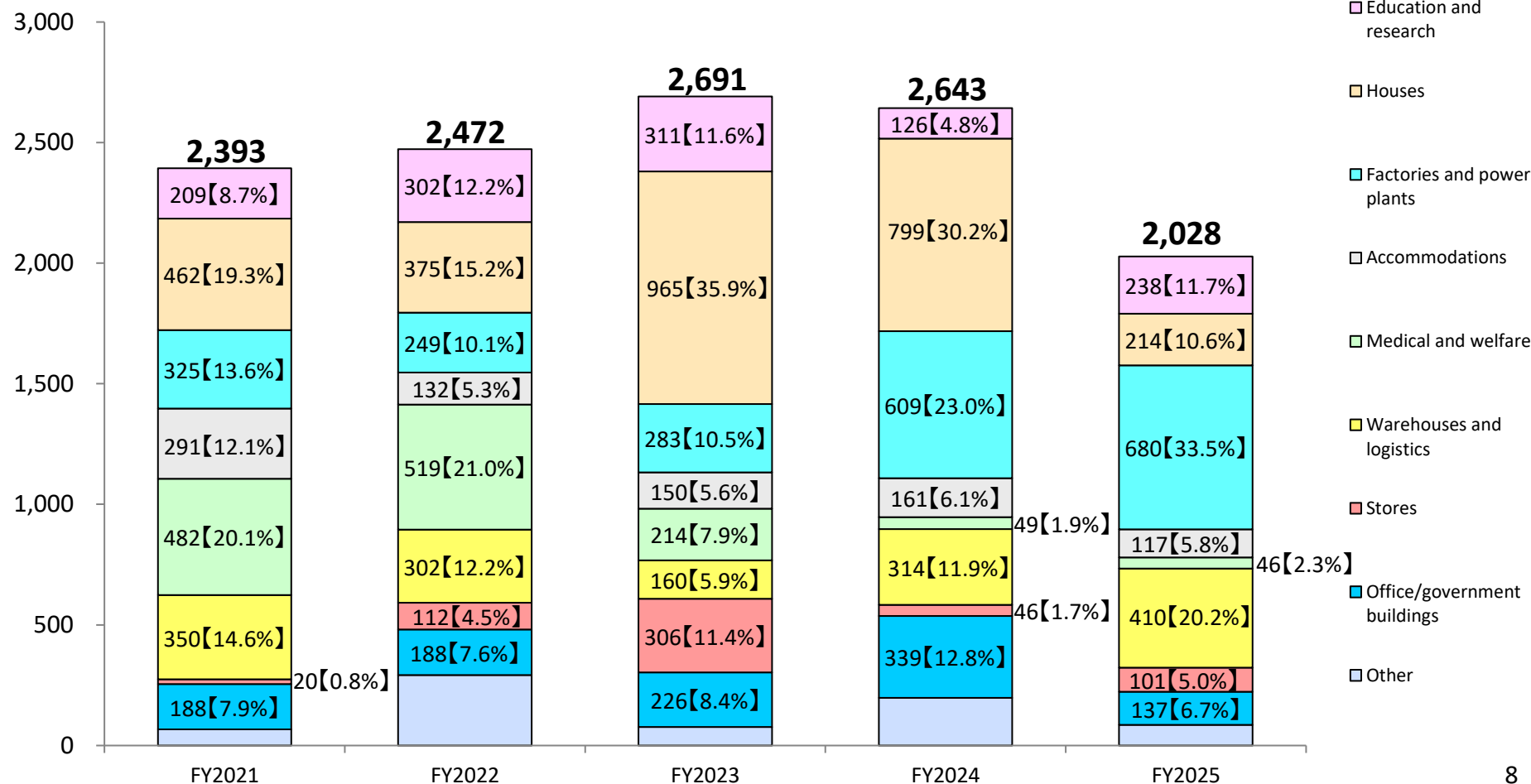
Orders received
<100 millions of yen>
1,200



3.Orders Received-4 <Non-Consolidated> Change <Domestic Building Construction>

- Falls below the previous term due to planned suppression and the postponement of confirmed projects to the next term, etc.
- Received multiple large-scale projects in educational facilities, factories, and warehouse/distribution sectors.

Orders received
<100 millions of yen>



4.Statement of Income-1 <Consolidated> Result and Forecasts

(100 millions of yen)

	A FY2024			B FY2025 (Forecasts)			C FY2025			C-A				C-B				D FY2026 (Forecasts)			D-C			
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%	Consolidated	Non-Consolidated	Subsidiaries	%	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%
Net sales	4,986	3,723	1,263	4,930	3,620	1,310	4,877	3,731	1,146	(109)	8	(117)	(2.2)	(53)	111	(164)	(1.1)	5,000	3,770	1,230	123	39	84	2.5
Gross profit (Ratio)	383 7.7%	262 7.0%	121 9.6%	490 9.9%	370 10.2%	120 9.2%	532 10.9%	403 10.8%	129 11.3%	149 3.2%	141 3.8%	8 1.7%		42 1.0%	33 0.6%	9 2.1%		581 11.6%	454 12.0%	127 10.3%	49 0.7%	51 1.2%	(2) (1.0)%	
SG&A expenses	240	184	56	262	200	62	261	201	60	21	17	5		(1)	1	(2)		272	207	65	11	6	5	
Operating profit (Ratio)	143 2.9%	78 2.1%	65 5.2%	228 4.6%	170 4.7%	58 4.4%	271 5.6%	202 5.4%	69 6.0%	128 2.7%	124 3.3%	4 0.8%	89.5	43 1.0%	32 0.7%	11 1.6%	18.8	309 6.2%	247 6.6%	62 5.0%	38 0.6%	45 1.2%	(7) (1.0)%	14.1
Non-operating income	14	26	(12)	16	38	(22)	21	46	(25)	6	20	(13)		5	8	(3)		27	58	(31)	6	12	(6)	
Non-operating expenses	13	13	(0)	14	11	3	21	20	1	8	7	1		7	9	(2)		26	20	6	5	(0)	5	
Ordinary profit (Ratio)	144 2.9%	90 2.4%	54 4.3%	230 4.7%	197 5.4%	33 2.5%	270 5.5%	228 6.1%	43 3.7%	126 2.6%	137 3.7%	(11) (0.6)%	87.7	40 0.8%	31 0.7%	10 1.2%	17.6	310 6.2%	285 7.6%	25 2.0%	40 0.7%	57 1.5%	(18) (1.7)%	14.6
Extraordinary income	1	1	0	42	42	0	43	42	0	42	42	0		1	0	0		0	0	0	(43)	(42)	(0)	
Extraordinary losses	7	3	4	1	0	1	14	11	3	7	8	(1)		13	11	2		1	0	1	(13)	(11)	(2)	
Profit before income taxes	138	88	50	271	239	32	299	259	41	161	171	(10)	116.9	28	20	9	10.5	309	285	24	10	26	(17)	3.2
Income taxes-current	36	20	17	85	66	19	97	74	23	61	54	6		12	8	4		103	82	21	6	8	(2)	
Income taxes-deferred	8	6	2	1	1	0	2	3	(2)	(6)	(3)	(4)		1	2	(2)		2	4	(2)	0	1	(0)	
Profit	94	62	31	185	172	13	201	181	19	107	119	(12)	114.5	16	9	6	8.5	204	199	5	3	18	(14)	1.7
Loss attributable to non-controlling interests	-	-	-	-	-	-	(0)	-	(0)	(0)	-	(0)		(0)	-	(0)		0	-	0	0	-	0	
Profit attributable to owners of parent (Ratio)	94 1.9%	62 1.7%	31 2.5%	185 3.8%	172 4.8%	13 1.0%	201 4.1%	181 4.9%	19 1.7%	107 2.2%	119 3.2%	(12) (0.8)%	114.5	16 0.3%	9 0.1%	6 0.7%	8.5	204 4.1%	199 5.3%	5 0.4%	3 0.0%	18 0.4%	(14) (1.3)%	1.7

【Subsidiaries】

Gaeart Co.,Ltd. FATEC Co.,Ltd.
 Technos Co.,Ltd. Techno Space Creates Co.,Ltd.
 K&E Co.,Ltd. Technical Support Co.,Ltd.

Local Energy System Co.,Ltd.
 KG Dino Resort Co.,Ltd.
 Taiwan Kumagai Co.,Ltd.

【Equity method】

Sasajima Construction Co.,Ltd. Maeda Co.,Ltd.
 Kyoei Machinery Engineering Co.,Ltd. Japan Wind Farm Construction Co.,Ltd.

4.Statement of Income-2 <Non-Consolidated> Result and Forecasts

(100 millions of yen)

			A FY2024		B FY2025 (Forecasts)		C FY2025		C-A			C-B			D FY2026 (Forecasts)			D-C		
			Ratio	Ratio	Ratio		%	Ratio		%	Ratio	Ratio	%	Ratio	%	Ratio	%	Ratio		
	Civil engineering		1,018		1,050		1,118		101	9.9		68	6.5		1,200		82	7.3		
	Building construction		2,672		2,500		2,547		(125)	(4.7)		47	1.9		2,505		(42)	(1.6)		
	Domestic		3,689		3,550		3,665		(24)	(0.7)		115	3.2		3,705		40	1.1		
	Overseas		34		70		66		32	95.4		(4)	(5.7)		65		(1)	(1.5)		
	Net sales		3,723		3,620		3,731		8	0.2		111	3.1		3,770		39	1.0		
	Civil engineering		153	15.0%	125	11.9%	151	13.5%	(2)	(1.5%)		26	1.6%		150	12.5%	(1)	(1.0%)		
	Building construction		107	4.0%	240	9.6%	248	9.8%	141	5.8%		8	0.2%		300	12.0%	52	2.2%		
	Domestic		260	7.0%	365	10.3%	399	10.9%	140	3.9%		34	0.6%		450	12.1%	51	1.2%		
	Overseas		3	7.5%	5	7.1%	4	5.9%	1	(1.6%)		(1)	(1.2%)		4	6.2%	0	0.3%		
	Gross profit		262	7.0%	370	10.2%	403	10.8%	141	53.7	3.8%	33	9.0	0.6%	454	12.0%	51	12.6	1.2%	
SG&A expenses	Personnel		83		96		89		6			(7)			91		2			
	Nonpersonnel		101		104		112		11			8			116		4			
Operating profit		78	2.1%	170	4.7%	202	5.4%	124	159.6	3.3%	32	18.9	0.7%	247	6.6%	45	22.2	1.2%		
Non-operating income		26		38		46		20			8			58		12				
Non-operating expenses		13		11		20		7			9			20		(0)				
Ordinary profit		90	2.4%	197	5.4%	228	6.1%	137	151.8	3.7%	31	15.5	0.7%	285	7.6%	57	25.2	1.5%		
Extraordinary income		1		42		42		42			0			0		(42)				
Extraordinary losses		3		0		11		8			11			0		(11)				
Profit before income taxes		88		239		259		171	194.2		20	8.3		285		26	10.1			
Income taxes-current		20		66		74		54			8			82		8				
Income taxes-deferred		6		1		3		(3)			2			4		1				
Profit		62	1.7%	172	4.8%	181	4.9%	119	191.1	3.2%	9	5.4	0.1%	199	5.3%	18	9.7	0.4%		

4.Statement of Income-3 (Consolidated) Non-Operating Income and Extraordinary Income

Non-operating income (100 millions of yen)									
	A FY2024			B FY2025			B-A		
	Consolidated	Non-	Subsidiaries	Consolidated	Non-	Subsidiaries	Consolidated	Non-	Subsidiaries
		Consolidated			Consolidated			Consolidated	
Interest and dividend income	12.1	25.2	(13.2)	14.5	41.6	(27.1)	2.5	16.4	(13.9)
Share of profit of entities accounted for using equity method	1.6	-	1.6	-	-	-	(1.6)	-	(1.6)
Foreign exchange gains	-	-	-	1.9	1.6	0.3	1.9	1.6	0.3
Other	0.9	0.8	0.1	4.5	2.4	2.1	3.7	1.6	2.1
Non-operating income	14.5	26.0	(11.6)	20.9	45.6	(24.7)	6.4	19.5	(13.1)
Interest expenses	5.7	6.1	(0.4)	10.0	10.7	(0.7)	4.3	4.6	(0.3)
Loss on sale of receivables	1.2	1.2	-	2.5	2.5	0.0	1.3	1.3	0.0
Share of loss of entities accounted for using equity method	-	-	-	0.5	-	0.5	0.5	-	0.5
Commission for syndicated loans	2.4	2.4	-	0.8	0.8	-	(1.6)	(1.6)	-
Loss on investments in investment partnerships	2.8	2.8	-	4.7	4.7	-	1.9	1.9	-
Foreign exchange losses	0.3	0.1	0.2	-	-	-	(0.3)	(0.1)	(0.2)
Other	1.0	0.9	0.1	2.8	1.4	1.4	1.9	0.5	1.3
Non-operating expenses	13.4	13.5	(0.1)	21.3	20.1	1.2	7.9	6.6	1.3
Extraordinary income (100 millions of yen)									
	A FY2024			B FY2025			B-A		
	Consolidated	Non-	Subsidiaries	Consolidated	Non-	Subsidiaries	Consolidated	Non-	Subsidiaries
		Consolidated			Consolidated			Consolidated	
Gain on sales of non-current assets	0.0	0.0	0.0	0.4	0.1	0.3	0.4	0.1	0.2
Gain on sale of investment securities	0.5	0.5	-	42.1	4.5	37.6	41.6	3.9	37.6
Gain on sale of shares of subsidiaries and associates	-	-	-	-	37.6	(37.6)	-	37.6	(37.6)
Other	0.1	0.0	0.1	0.3	0.2	0.1	0.2	0.2	0.0
Extraordinary income	0.6	0.5	0.1	42.8	42.4	0.3	42.2	41.9	0.3
Loss on retirement of non-current assets	0.1	0.0	0.1	0.7	0.0	0.7	0.6	0.0	0.6
Loss on valuation of shares of subsidiaries and associates	3.4	0.6	2.8	-	-	-	(3.4)	(0.6)	(2.8)
Compensation for damage	2.0	1.5	0.6	0.7	0.7	-	(1.3)	(0.7)	(0.6)
Loss on litigation	0.9	0.9	-	4.3	4.3	-	3.4	3.4	-
Impairment loss	0.0	-	0.0	7.4	5.5	1.9	7.3	5.5	1.9
Other	0.3	0.0	0.3	0.9	0.7	0.2	0.5	0.7	(0.2)
Extraordinary losses	6.7	3.0	3.8	13.9	11.3	2.7	7.2	8.3	(1.1)

5. Subsidiaries Change

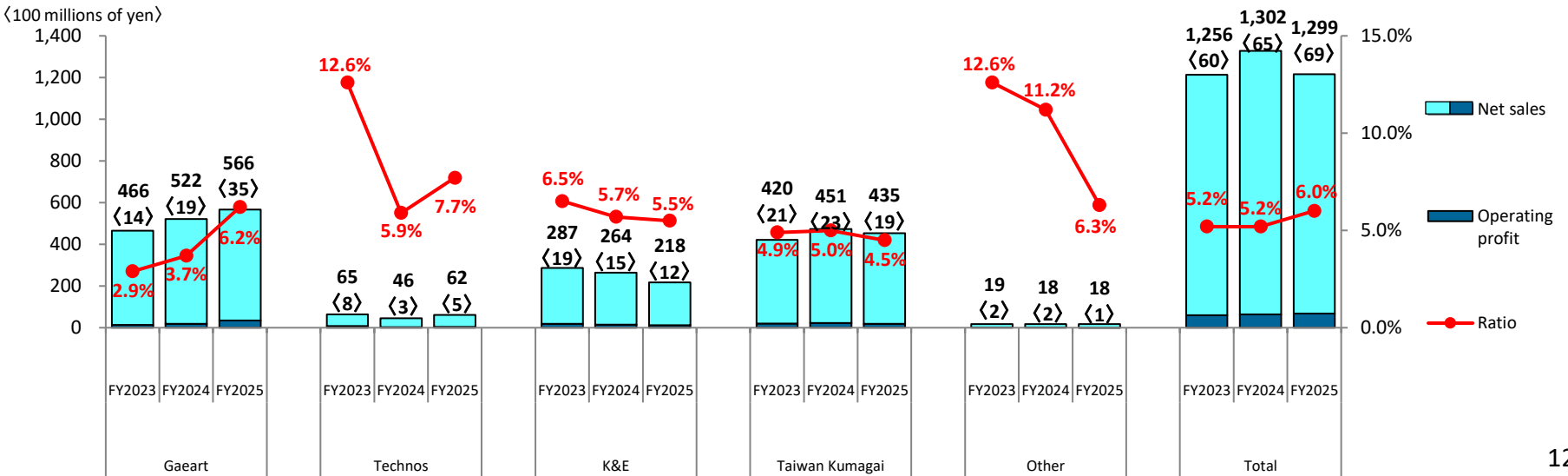
- Sales revenue decreased due to a decline in K&E 's backlog and a reactionary decrease from Taiwan Kumagai's large projects in the previous term.
- Profit amount and profit margin improved, driven by Gaert.

Subsidiaries

(100 millions of yen)

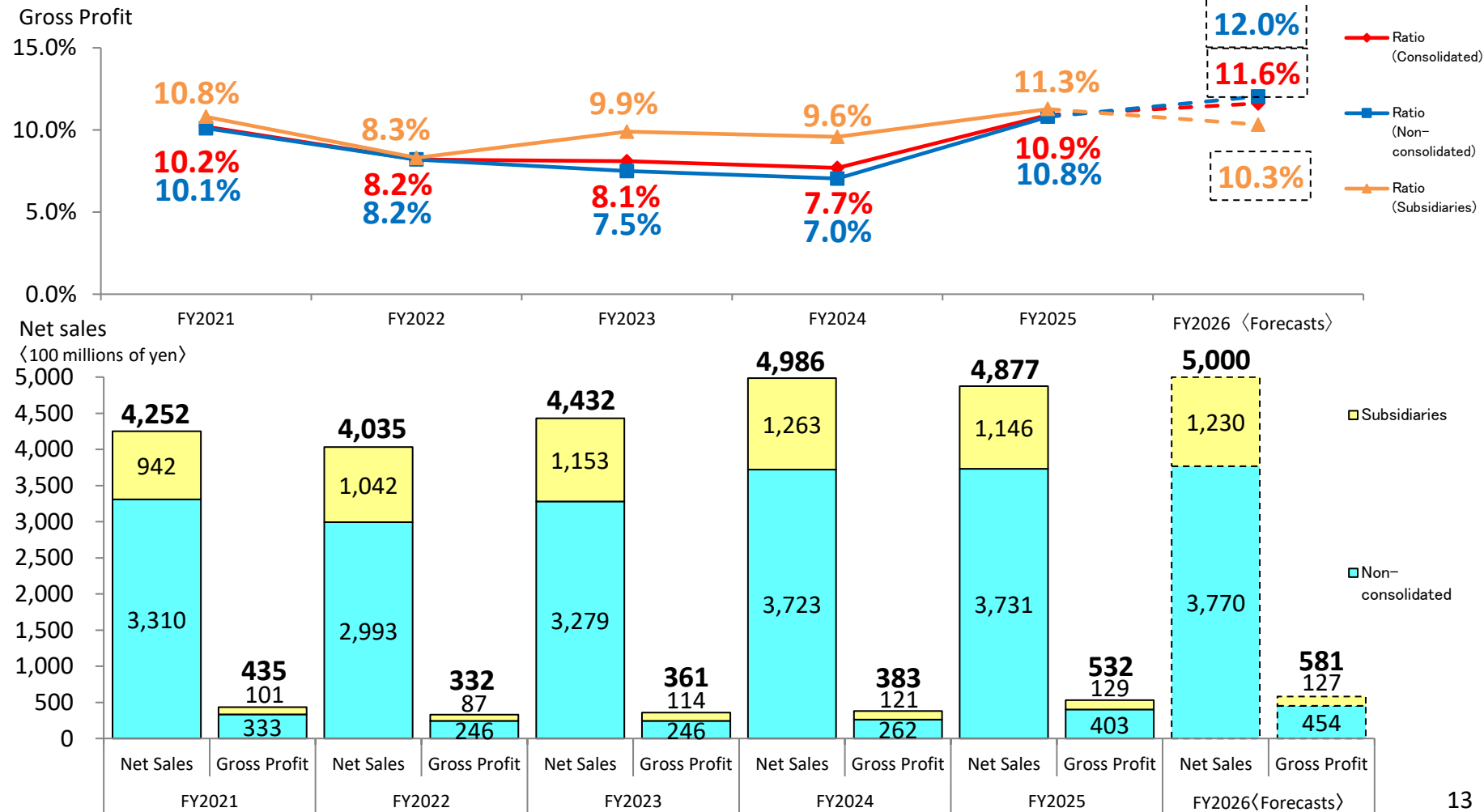
	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Net sales	466	522	566	65	46	62	287	264	218
Operating profit	14	19	35	8	3	5	19	15	12
Ordinary profit	14	20	36	8	3	5	19	16	13
Profit	8	13	22	6	2	3	12	11	8

	Taiwan Kumagai Co., Ltd.			Other			Total (Consolidation Adjustment)		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Net sales	420	451	435	19	18	18	1,153	1,263	1,146
Operating profit	21	23	19	2	2	1	60	65	69
Ordinary profit	21	22	22	2	2	1	52	54	43
Profit (loss)	16	18	18	2	1	(0)	30	31	19



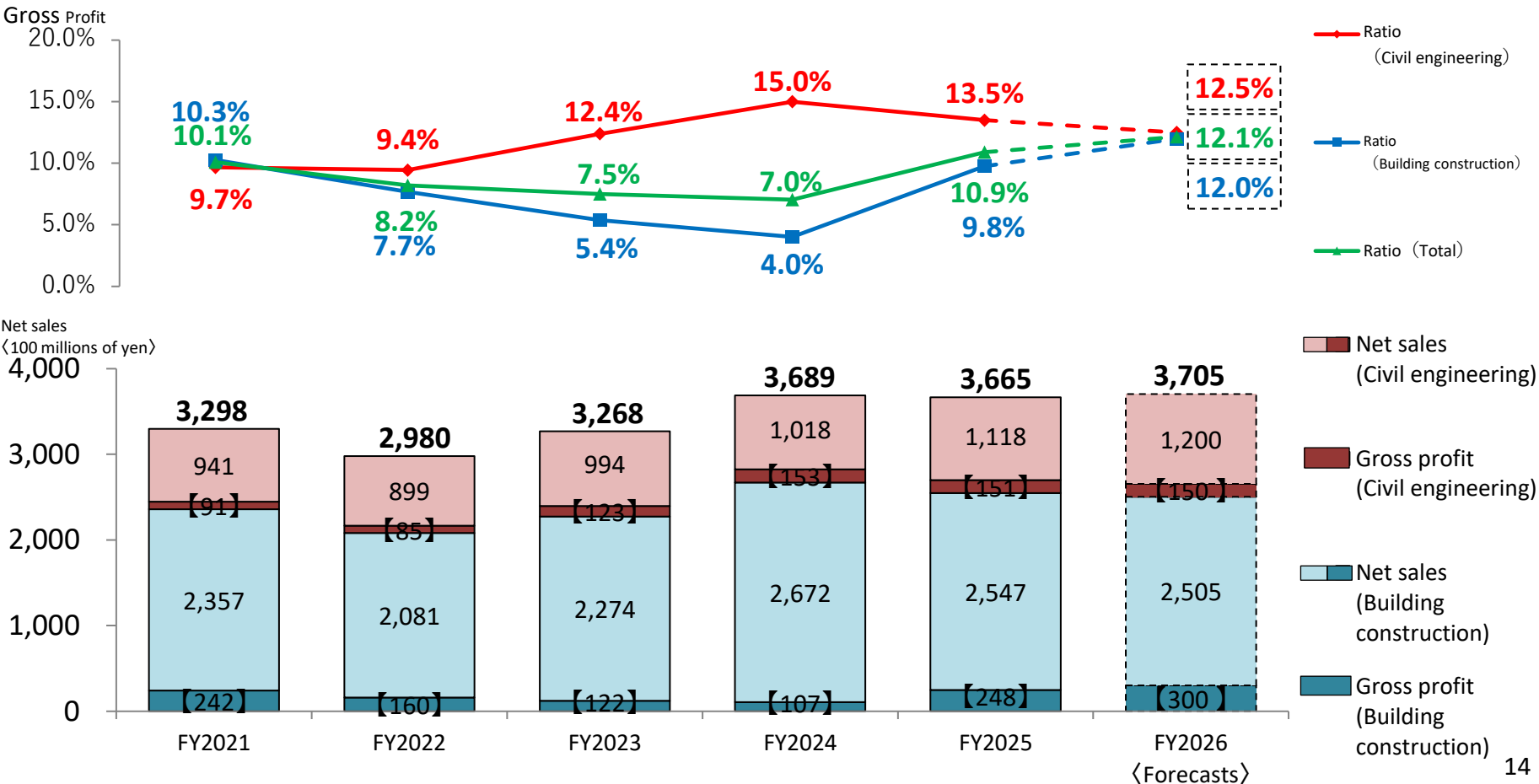
6. Net Sales and Gross Profit <Consolidated> Change

- Although completed construction volume decreased in FY2026, profits increased due to improved profit margins.
- For FY2027, both revenue and profit are expected to increase due to the rise in completed construction volume and the improvement of individual profit margins.



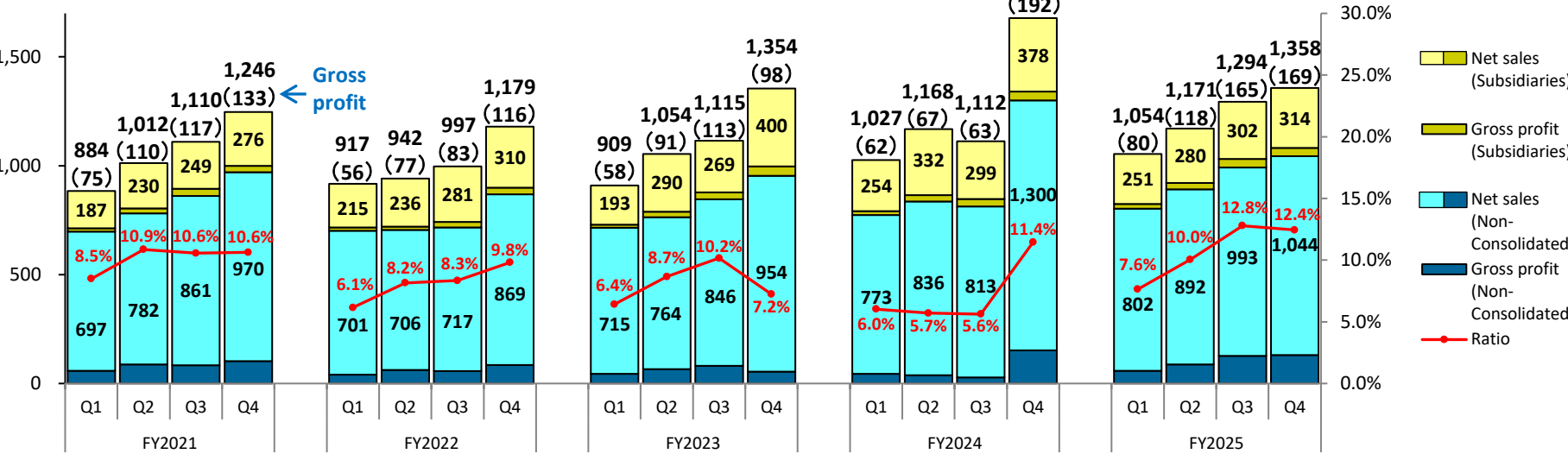
7.Net Sales and Gross Profit <Non-Consolidated> Change <Domestic>

- Civil Engineering saw an increase in revenue due to the growth in volume from securing design changes.
- Building Construction experienced profit growth due to an improvement in the gross profit margin at the time of order and a reduction in the impact of unprofitable projects.
- In FY27/3, the improvement in the gross profit margin at the time of order for Building Construction and the resolution of the impact of unprofitable projects are expected to improve profit margins and increase profits.

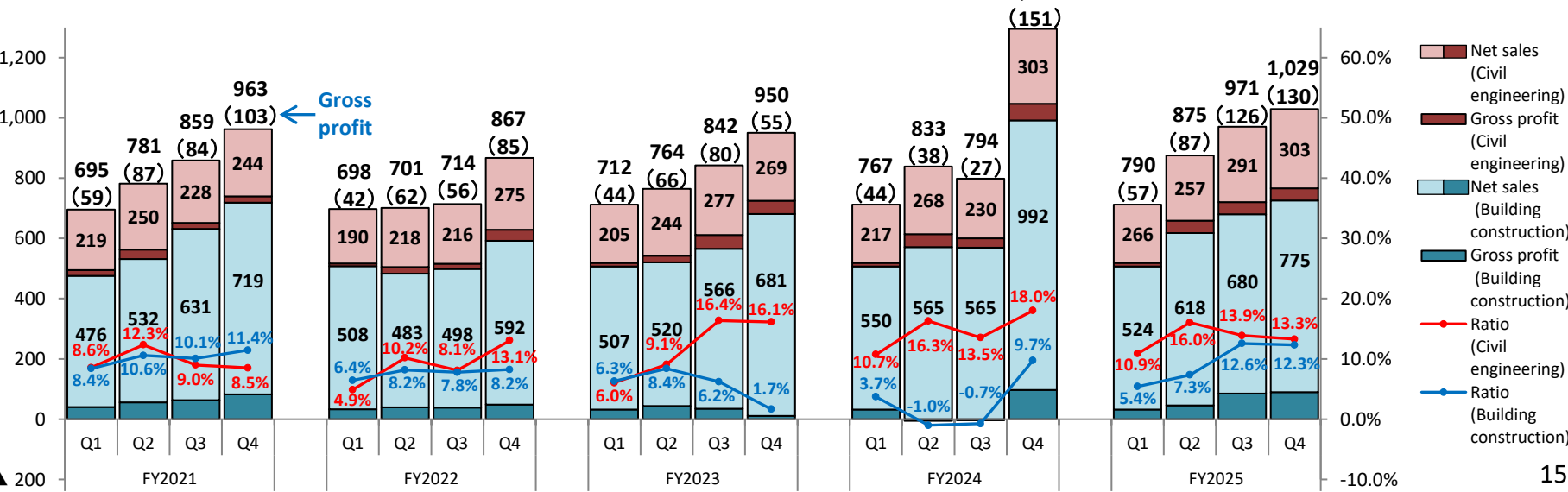


8.Net Sales and Gross Profit <Consolidated and Non-Consolidated> Quarterly Change

<100 millions of yen>



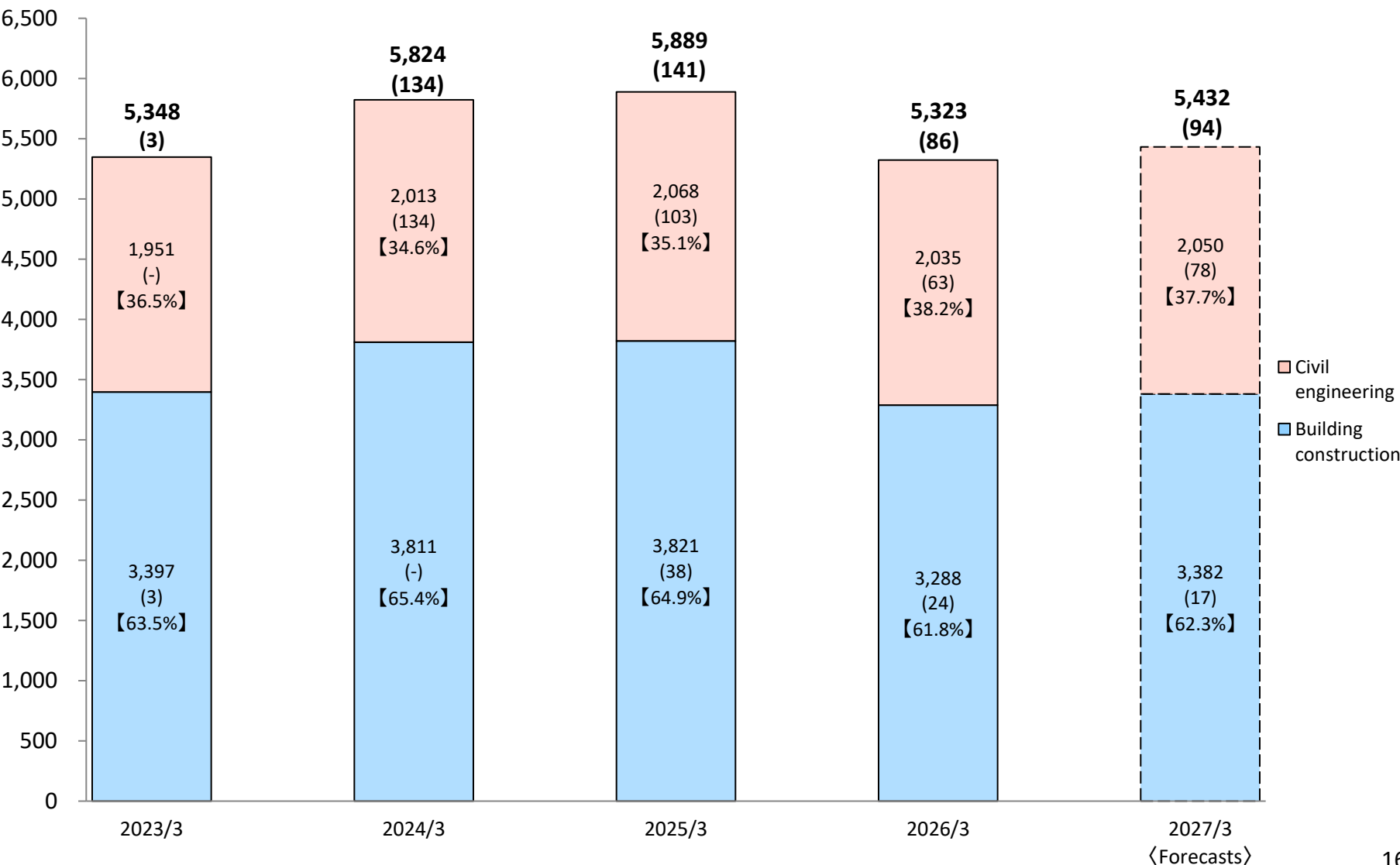
<100 millions of yen>



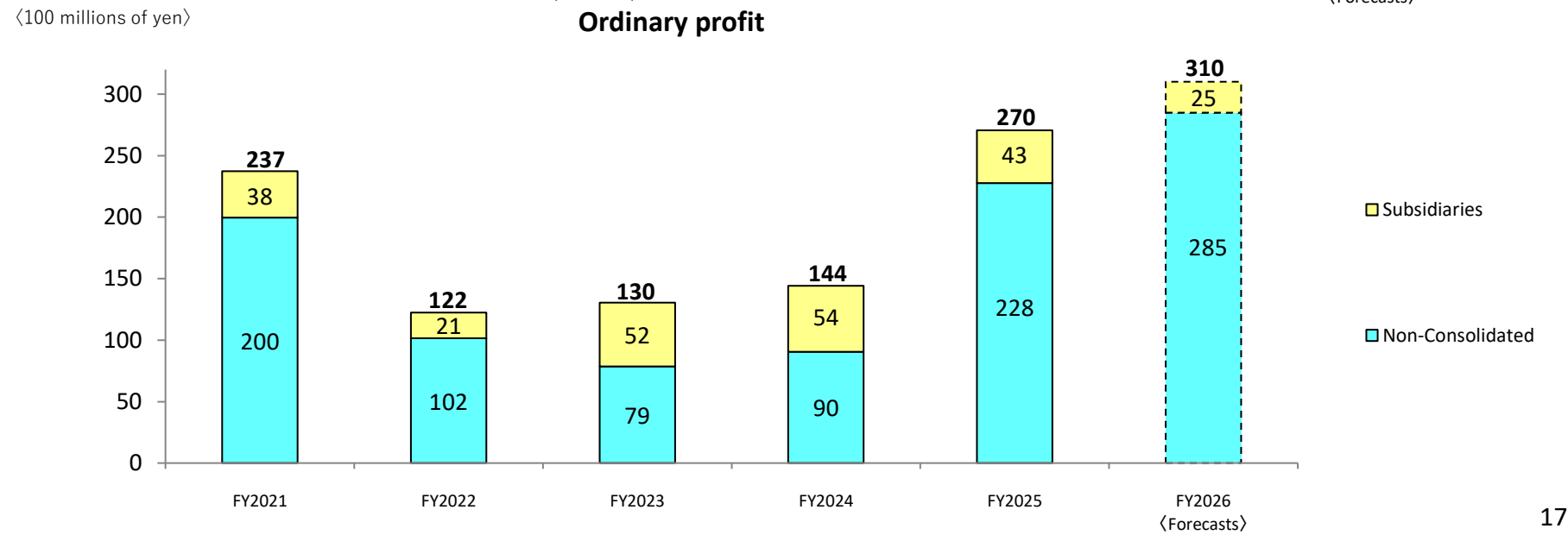
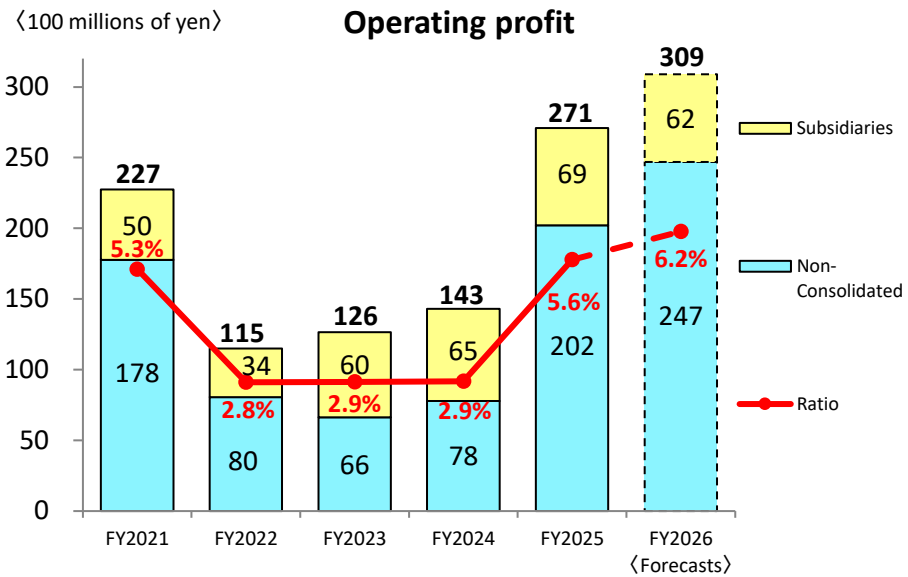
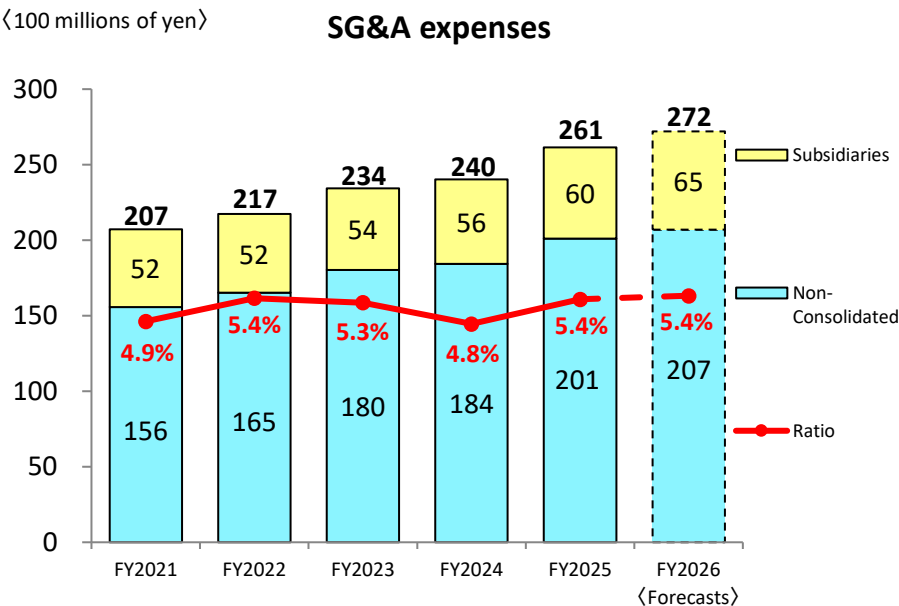
9. Changes in carried forward construction costs <Domestic>

carried forward construction costs
(100 millions of yen)

() : Overseas carried forward construction costs
【】 : Composition ratio



10.SG&A Expenses, Operating profit and Ordinary profit <Consolidated> Change



11. Balance Sheet-1 <Consolidated> Assets

Assets

(100 millions of yen)

	A FY2024			B FY2025			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Cash and deposits	502	219	283	647	339	308	145	120	25
Notes receivable, accounts receivable from completed construction contracts and other	2,645	2,310	335	2,406	2,054	352	(239)	(256)	17
Costs on construction contracts in progress	73	60	13	77	67	10	4	7	(3)
Accounts receivable-other	321	266	55	224	181	44	(97)	(86)	(11)
Other	35	26	9	26	27	(0)	(9)	1	(10)
Allowance for doubtful accounts	(1)	(0)	(0)	(1)	(0)	(0)	(0)	0	(0)
Total current assets	3,574	2,880	694	3,379	2,667	713	(195)	(213)	18
Buildings and structures, net	103	65	39	98	60	38	(6)	(5)	(1)
Land	196	167	30	195	166	29	(2)	(1)	(0)
Other, net	25	13	11	80	15	65	55	2	53
Total property, plant and equipment	325	245	80	373	241	132	48	(4)	52
Intangible assets	17	16	1	20	19	1	3	3	(0)
Investment securities and Shares of subsidiaries and associates	504	541	(37)	492	530	(38)	(11)	(11)	(1)
Long-term loans receivable	93	91	2	85	131	(47)	(9)	40	(49)
Deferred tax assets	35	24	11	40	34	6	5	10	(5)
Other	80	8	71	102	28	73	22	20	2
Allowance for doubtful accounts	(2)	(0)	(2)	(2)	(0)	(2)	1	-	1
Total investments and other assets	709	664	45	717	724	(7)	8	60	(52)
Total non-current assets	1,051	925	126	1,110	984	126	59	59	(0)
Total assets	4,625	3,804	821	4,489	3,650	839	(136)	(154)	18

11. Balance Sheet-2 <Consolidated> Liabilities and Net Assets

Liabilities and net assets

(100 millions of yen)

	A FY2024			B FY2025			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Notes payable, accounts payable for construction contracts and other	1,023	731	292	784	506	278	(239)	(225)	(14)
Electronically recorded obligations – operating	435	417	18	302	280	22	(133)	(137)	4
Short-term borrowings	81	119	(38)	116	174	(58)	35	55	(20)
Income taxes payable	14	6	8	84	68	15	70	63	7
Advances received on construction contracts in progress	228	209	19	181	163	18	(46)	(46)	(0)
Deposits received	366	344	22	406	384	22	40	40	(0)
Provision for loss on construction contracts	24	22	1	9	7	2	(15)	(15)	0
Provision for bonuses	41	27	14	46	30	16	5	3	2
Other	82	64	18	150	117	33	67	53	15
Total current liabilities	2,294	1,939	355	2,077	1,729	348	(217)	(210)	(6)
Bonds payable	–	–	–	85	85	–	85	85	–
Long-term borrowings	340	340	–	297	288	9	(44)	(52)	9
Provision for share awards	3	3	–	2	2	–	(1)	(1)	–
Retirement benefit liability	163	139	24	141	135	6	(23)	(4)	(19)
Deferred tax liabilities	1	–	1	0	–	0	(1)	–	(1)
Other	6	5	1	9	5	4	2	(0)	2
Total non-current liabilities	513	486	27	533	515	18	20	28	(8)
Total liabilities	2,807	2,426	381	2,611	2,244	367	(197)	(182)	(15)
Total shareholders' equity	1,681	1,265	417	1,753	1,321	432	72	57	15
Total accumulated other comprehensive income	137	114	23	125	85	40	(12)	(29)	18
Non-controlling interests	–	–	–	0	–	0	0	–	0
Total net assets	1,818	1,379	439	1,879	1,406	472	60	27	33
Total liabilities and net assets	4,625	3,804	821	4,489	3,650	839	(136)	(154)	18
(Capital adequacy ratio)	39.3%	36.2%	53.5%	41.8%	38.5%	56.3%	2.5%	2.3%	2.8%

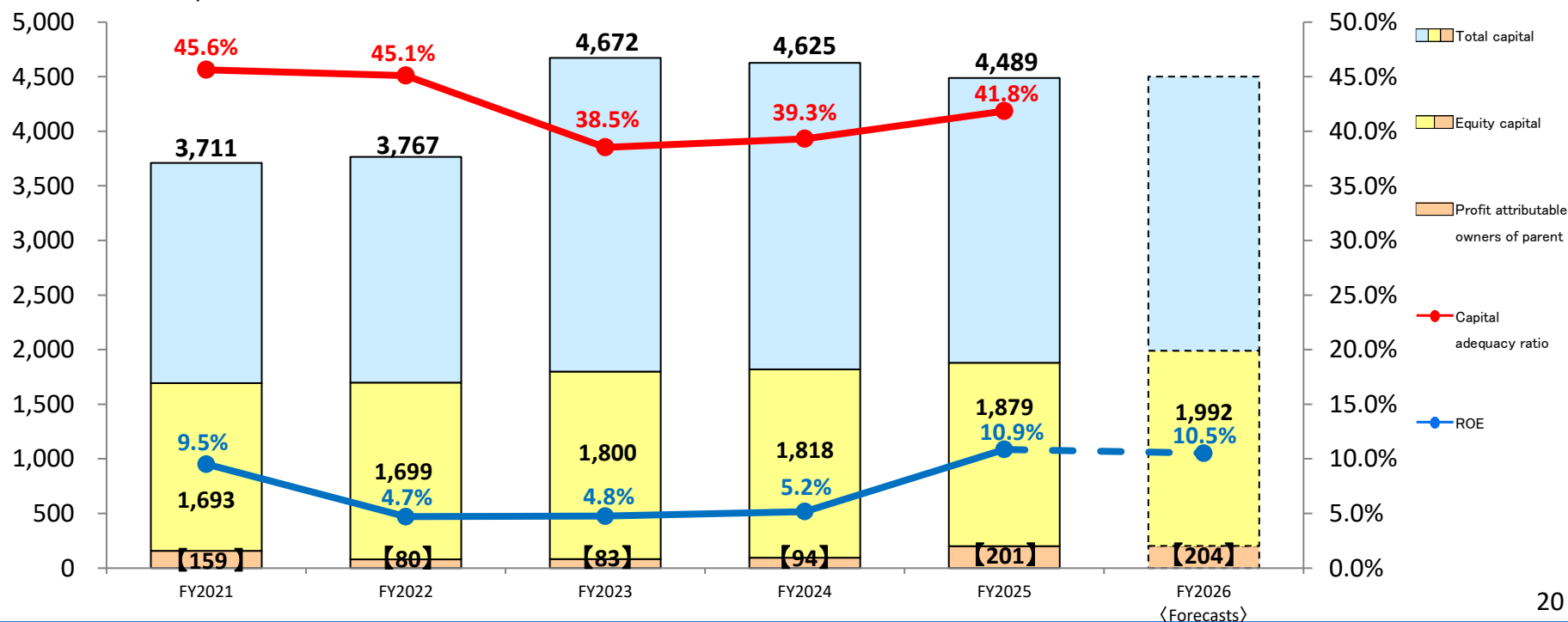
12. Equity Capital < Consolidated > Change

- Equity increased due to profit recognition, and the equity ratio rose to 41.8% compared to the end of the previous term.
- Due to the increase in net income, the ROE for the fiscal year ending March 2026 increased by 5.7 points compared to the previous term, exceeding 10%.

(100 millions of yen)

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecasts)
Equity capital	1,693	1,699	1,800	1,818	1,879	1,992
Total capital	3,711	3,767	4,672	4,625	4,489	-
Capital adequacy ratio	45.6%	45.1%	38.5%	39.3%	41.8%	-
Profit attributable to owners of parent	159	80	83	94	201	204
ROE	9.5%	4.7%	4.8%	5.2%	10.9%	10.5%

< 100 millions of yen >



13. Shareholder return <Consolidated> Change

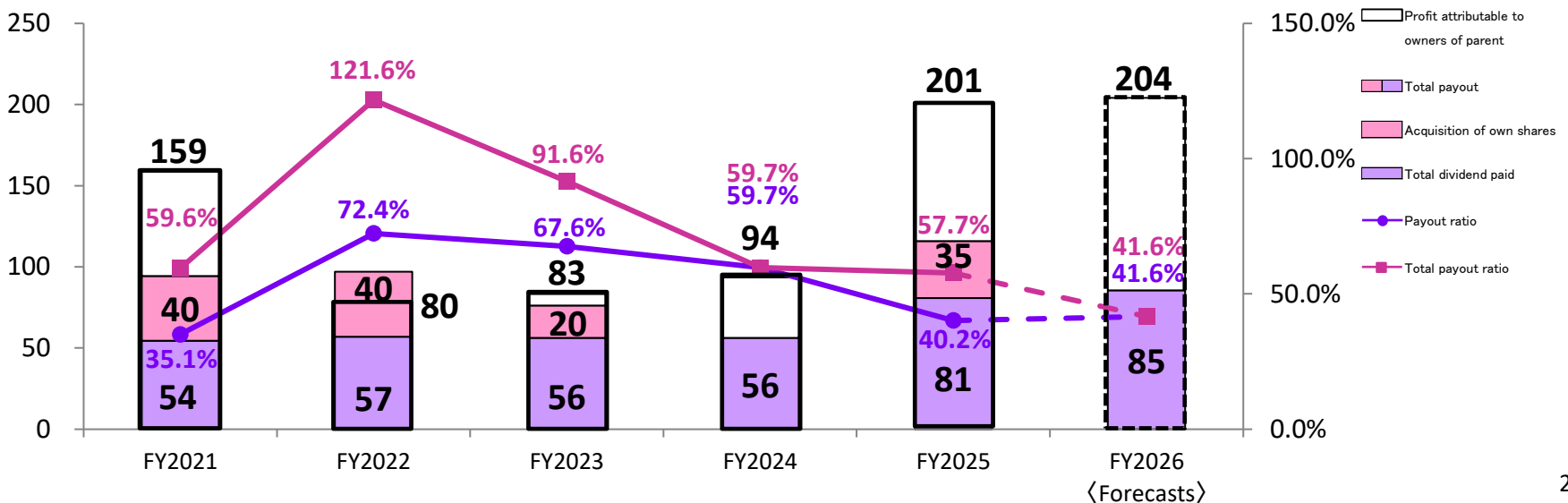
- For FY26/3, including interim dividends, it is 47 yen per share, and the dividend payout ratio is 40.2%.
- For FY27/3, with the prospect of increased profits, dividends are expected to be 50 yen per share, and the dividend payout ratio is 41.6%.

Status of dividends and own share acquisition

(100 millions of yen)

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecasts)
Number of shares issued	45,411,660 shares	43,900,360 shares	43,285,560 shares	43,285,560 shares	173,142,240 shares	173,142,240 shares
Number of treasury shares	58,169 shares	62,644 shares	69,781 shares	74,626 shares	2,218,412 shares	2,218,412 shares
Dividend per share	120.00 yen	130.00 yen	130.00 yen	130.00 yen	47.00 yen	50.00 yen
Total dividend paid	54	57	56	56	81	85
Profit attributable to owners of parent	159	80	83	94	201	204
Basic earnings per share	342.13 yen	179.64 yen	192.36 yen	217.73 yen	116.94 yen	120.06 yen
Payout ratio	35.1%	72.4%	67.6%	59.7%	40.2%	41.6%
Acquisition of own shares	40	40	20	—	35	—
Total payout	94	97	76	—	116	—
Total payout ratio	59.6%	121.6%	91.6%	59.7%	57.7%	41.6%

<100 millions of yen>



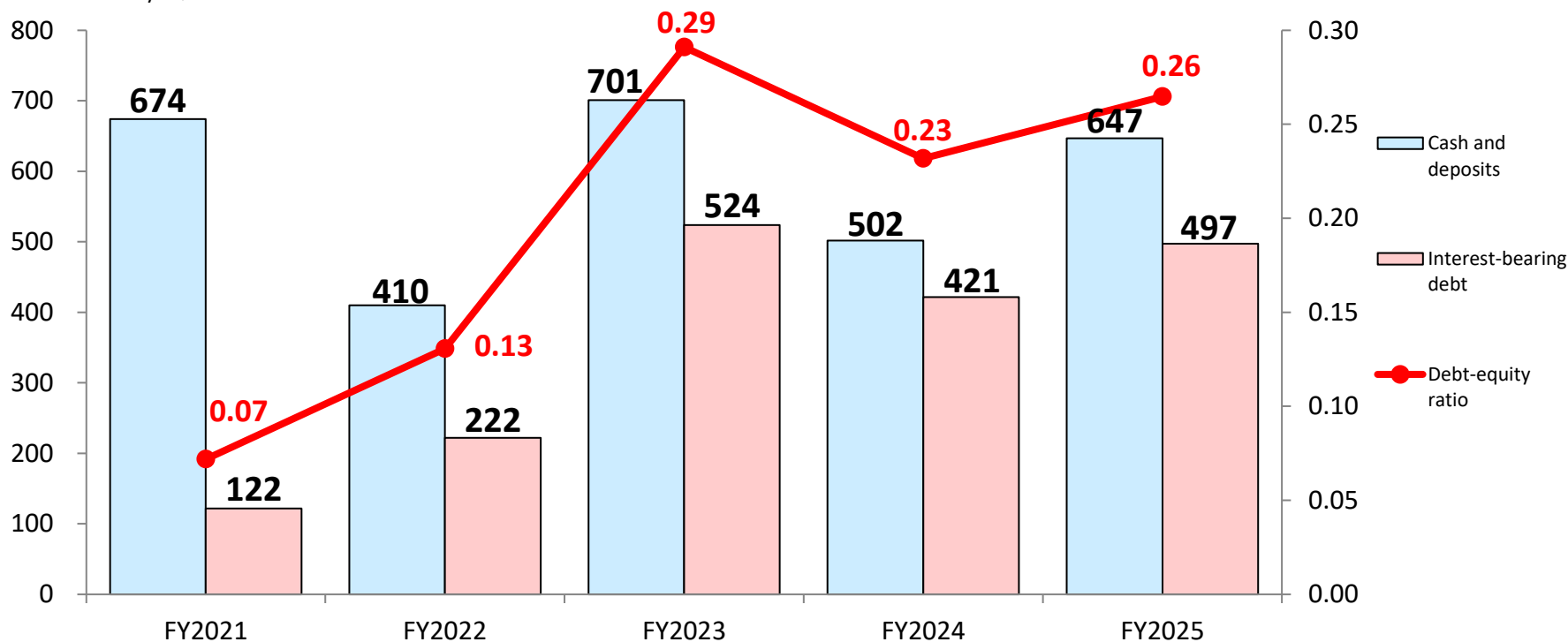
14. Interest-Bearing Debt <Consolidated> Change

- Due to the increase in interest-bearing debt, the D/E ratio rose..

Interest-bearing debt (100 millions of yen)

	FY2021	FY2022	FY2023	FY2024	FY2025
Interest-bearing debt	122	222	524	421	497
Equity capital	1,693	1,699	1,800	1,818	1,879
Debt-equity ratio	0.07	0.13	0.29	0.23	0.26

<100 millions of yen>



15.Cash Flows <Consolidated> Change

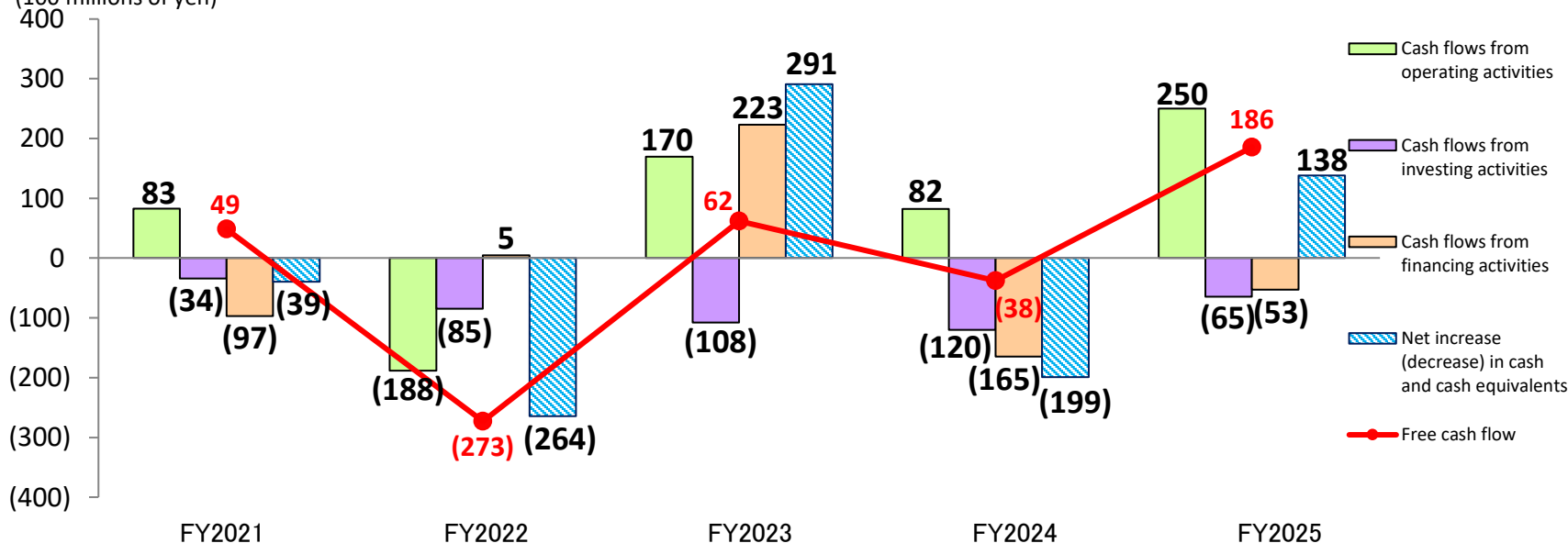
Operating cash flow has been positive for three consecutive periods, investment cash flow is negative due to increased CAPEX and loans, financial cash flow is negative due to the payment of dividends and acquisition of treasury stock, resulting in an overall positive amount of 13 billion 800 million yen.

Cash Flows

(100 millions of yen)

	FY2021	FY2022	FY2023	FY2024	FY2025
Cash flows from operating activities	83	(188)	170	82	250
Cash flows from investing activities	(34)	(85)	(108)	(120)	(65)
Cash flows from financing activities	(97)	5	223	(165)	(53)
Net increase (decrease) in cash and cash equivalents※	(39)	(264)	291	(199)	138

(100 millions of yen)



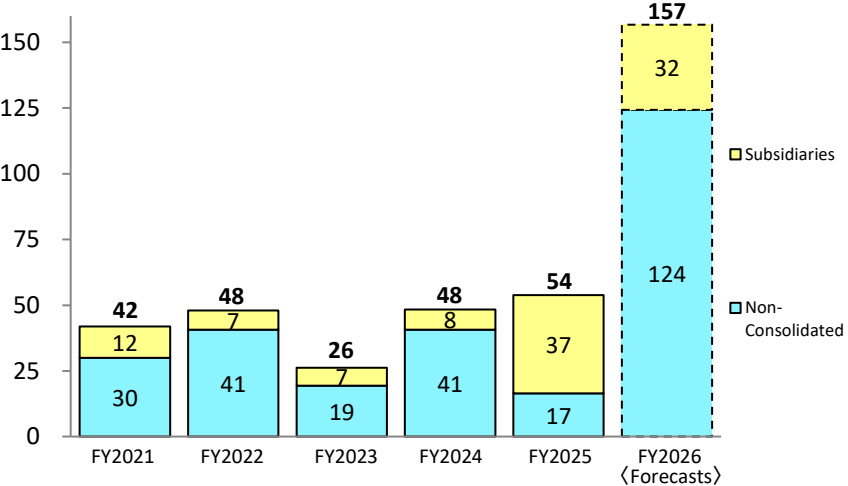
16.Capital Investment, Depreciation and Research and Development Expense <Consolidated> Change

Capital investment and other (100 millions of yen)

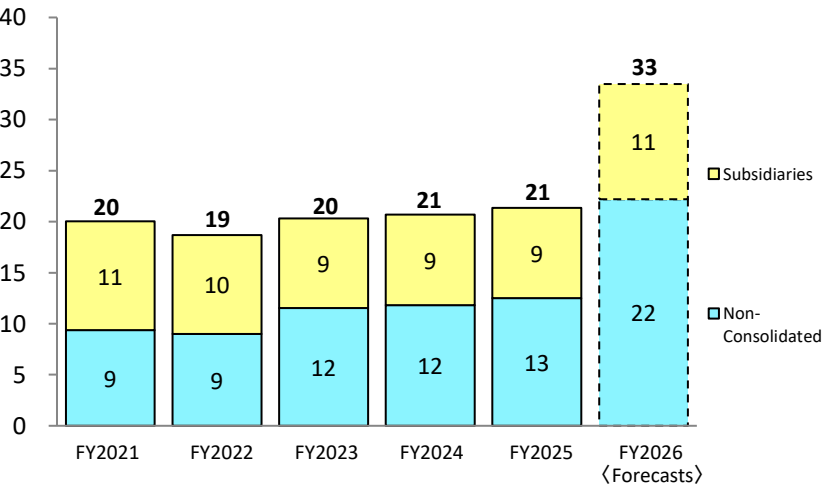
	FY2021	FY2022	FY2023
Capital investment	42	48	26
Depreciation	20	19	20
Research and development expense	27	28	31

	FY2024	FY2025	FY2026 (Forecasts)
Capital investment	48	54	157
Depreciation	21	21	33
Research and development expense	31	34	38

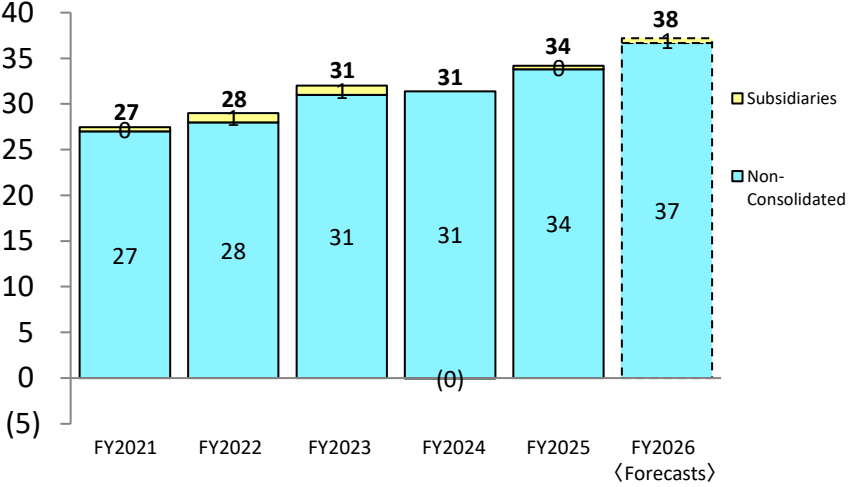
<100 millions of yen> Capital investment



<100 millions of yen> Depreciation



<100 millions of yen> Research and development expense



17. The impact on business and performance due to the situation in the Middle East and tariff measures by the United States.

Regarding the impact of the current Middle East situation on our group's business and performance, we recognize that it is limited at this time and remains an indirect risk. Additionally, concerning the agreement on U.S. tariffs in August 2025, there is no direct impact on our group as we do not engage in export or import transactions with the United States.

Indirect impact

- 1 If the situation in the Middle East does not calm down and becomes prolonged, there are concerns about soaring construction prices, the risk of supply chain disruptions, and rising logistics costs. This could lead to the cancellation or postponement of private customers' CAPEX plans.
- 2 Domestic CAPEX by manufacturers of automobiles and related parts, semiconductor manufacturing equipment, and others with high export volumes to the United States may be restrained, which could lead to a decline in order volumes in the production sector.

Business Environment Recognition

Although the continued increase in raw material costs is a concern, the integration of passing on price increases to contract amounts and the legal framework established for utilizing price adjustment clauses are significant advancements towards securing appropriate profits, and are expected to contribute to the stabilization of the business environment.



We will continue to closely monitor changes in the business environment due to the situation in the Middle East and U.S. tariff measures.



KUMAGAI

KUMAGAI GUMI

Initiatives to Enhance Corporate Value

Management that is conscious of cost of capital and stock price



16. Initiatives to Enhance Corporate Value -1

Basic approach

- The Company recognizes that our most important management mission is to achieve sustainable growth and enhance corporate value over the medium to long term.
- We are working to achieve a good balance between financial soundness and capital efficiency.
- In business investment, we make optimal business decisions based on the cost of capital as a hurdle rate.
- We pay appropriate and stable dividends and purchase and retire treasury stock to increase shareholder returns and improve capital efficiency, while being conscious of the stock price.

Strengthening profitability

Profitability estimated at the time of **receiving orders will improve significantly** from FY2023 onward. **The positive impact on business performance will be seen by FY26.** The negative impact of unprofitable construction works is expected to be mostly resolved by the end of FY2024.

Basic Policy-1

Strengthening construction business



Strengthen the core construction business and increase profitability.

Basic Policy-2

Accelerating peripheral businesses



Accelerate construction peripheral businesses positioned as a growth area and create solid revenue sources.

Basic Policy-3

Enhancing management base



Further strengthen the foundation that supports management and enhance the effectiveness of business development.

Thoroughly strengthen profitability and customer appeal while accelerating peripheral businesses. Aim for management with multiple revenue streams.

Efforts to engage in positive dialogue with shareholders and investors

- With the aim of further strengthening IR activities, we are appropriately allocating internal resources, such as enhancing the dedicated IR department. (From April 2025, the dedicated IR department will be transferred to the Corporate Planning Department to establish a structure that facilitates collaboration with the management and the Corporate Planning Division.)
- The management actively participates in dialogues with shareholders and investors and engages in direct communication.
- The company president appeared on TV and radio programs for investors, engaging in discussions with analysts and commentators to promote to shareholders and investors.
- As an external director overseeing management, engage in dialogue with shareholders and investors about the current state of governance and recognition of issues.
- To enhance the disclosure of dialogue situations, disclose the dialogue themes in the integrated report and corporate website to lead to further engagement. (The number of dialogues, participants, and feedback have been disclosed on the corporate website and corporate governance report as before.)
- Feedback on opinions and requests from shareholders and investors, understood through dialogue, will be analyzed for their essence and trends, discussed at director meetings, and used as a reference for shareholder returns, capital policy, and investment strategies to enhance corporate value.
- Actively engaging in dialogue with investors as one of the ESG and SDGs strategies, proactively discussing not only finance information but also non-finance information.
- Establish a disclosure policy, including IR policies, and announce our group's proactive stance and policies on information disclosure and IR.
- From the perspective of fair disclosure, implement the simultaneous release of English versions of financial results information and timely disclosure information.

16. Initiatives to Enhance Corporate Value -2

Statues of Dialogue with Shareholders and Institutional Investors

Continuing from the previous year, we engaged in dialogue through various means, such as individual and small meetings with domestic and overseas shareholders and investors utilizing online tools, financial results briefings, site visits, and participation in investor conferences. Additionally, to promote constructive dialogue with shareholders and investors, we appropriately allocated internal resources, such as enhancing the dedicated IR department as part of strengthening the system and efforts, and disclosed the implementation status, etc., on the corporate website and in the corporate governance report.

3-Year (FY2024-FY2026) Targets and Performance

Rate of increase in number of participants in financial briefings (compared to previous FY) **10%**  Performance in FY2025 Rate of increase **22.5%**

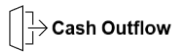
FY2025	Number of times	Main communicators
Small meetings	6 times	President, and departments in charge
Individual meetings	138 Times	President, officers in charge, and departments in charge
Shareholder relations meetings	10 Times	Officers in charge, and departments in charge
Financial results briefing	2 Times	President, officers in charge, and departments in charge
Conference hosted by a securities company	2 times	President, officers in charge, and departments in charge
Construction site tour	2 times	departments in charge



President Ueda appeared on Nikkei CNBC's "Day Express" and Radio NIKKEI's "Focus on This Company! The God of Fortune of the Market."

Item	Main themes of the dialogue
Construction business environment	<ul style="list-style-type: none"> - Order overview and order-time profitability - Medium- to long-term top-line and target margin levels - Continuity of profit margin levels in domestic Civil Engineering - Causes of profit margin decline and outlook in domestic Building Construction - Causes of loss projects and completion timing - Impact of oil price surge and other performance effects due to worsening Middle East situation - Status and outlook of construction cost surge such as material and labor costs - Price transfer of surged costs and incorporation of sliding clauses into contracts - Status of securing partner companies and supply-demand balance - Business environment recognition and future outlook
Construction-related peripheral businesses	<ul style="list-style-type: none"> - The status of the Iidabashi redevelopment project and real estate investments - Investments in SEP vessels and initiatives for offshore wind power generation - Progress of investments and outlook for revenue recognition timing
Business and capital tie-up	<ul style="list-style-type: none"> - Status of efforts in medium- to large-scale timber building construction - Change in equity stake ratio with Sumitomo Forestry Co., Ltd. - Direction of capital partnership with Sumitomo Forestry Co., Ltd.
Capital policy and returns to shareholders	<ul style="list-style-type: none"> - Progress of the Mid-Term Management Plan and examination status of the next Mid-Term Management Plan - Ideas on the optimal capital structure - Ideas on the equity ratio level and additional returns - Background for determining the scale of treasury stock acquisition and use of funds
Sustainability and governance	<ul style="list-style-type: none"> - Human capital management - Response and impact regarding the 2024 issue (application of overtime work limit regulations) - ZEB, GX market, decarbonized biomass fuel "black bark pellets" - Background of transition to a company with an audit committee - Status of reduction in policy-held stocks and the policy for further reduction

16. Initiatives to Enhance Corporate Value -3



Current status of cost of capital and measures to enhance capital efficiency

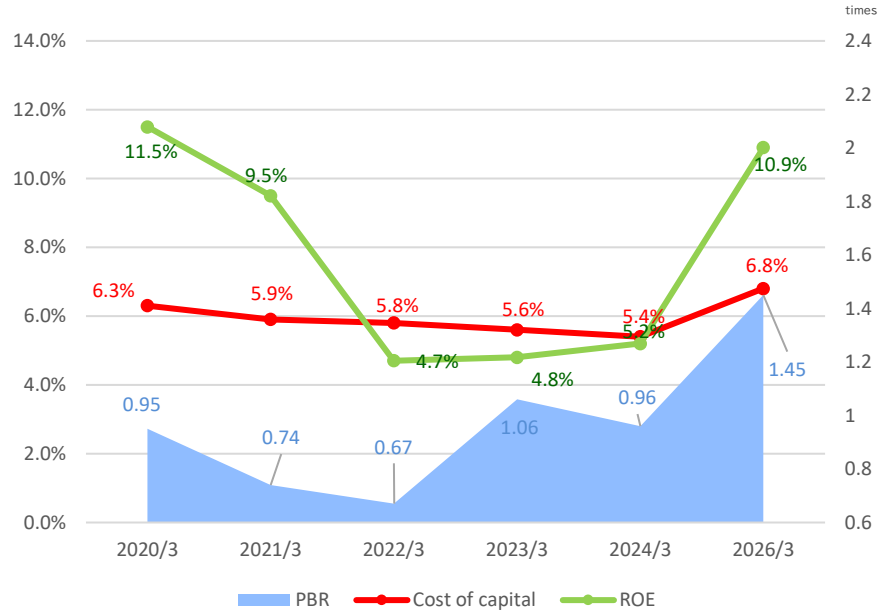
- **Cost of shareholder's equity** : Recognized as **around 7%**
Mid-Term Management Plan(FY2024-2026) [Financial Targets]
- **Capital efficiency** : **ROE10% or more**(FY2026)
Equity ratio of approx. 45%
 (Striving to balance financial soundness and capital efficiency.)
 The Board of Directors has adopted a resolution on initiatives to further **reduce cross-shareholdings.**
- **Profit allocation** : **Dividend payout ratio of approx. 40%**
 (Our basic policy is to return profits in a reasonable and stable manner.)
- **Purchase of treasury shares** : We will flexibly consider additional returns, including the purchase of treasury shares, depending upon changes in the business environment and the progress of individual business strategies and investments.
 (JPY10 billion worth of treasury shares were retired during the previous Mid-Term Management Plan period.)



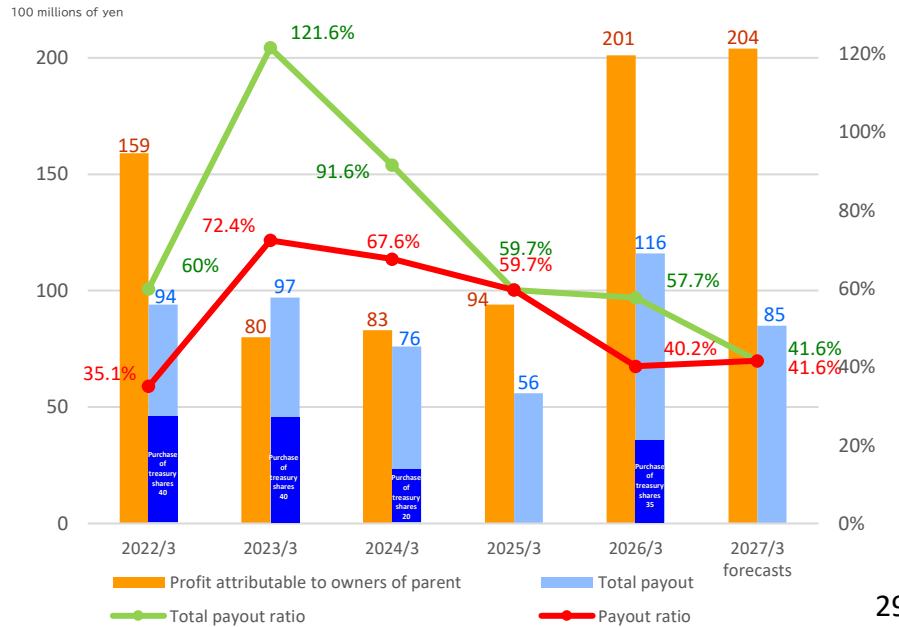
*Dividend amount based on financial results from 2023 through 2025. Dividends for the last year of the plan (FY2026) are not included.

Based on the sale of our shares by Sumitomo Forestry and the sale of investment securities (Sumitomo Forestry shares), we acquired treasury stock worth 3 billion 500 million yen during the period from January 30, 2026, to March 19, 2026, to enhance shareholder returns and improve capital efficiency (Director's resolution on January 8, 2026).

Changes in Cost of capital, ROE and PBR



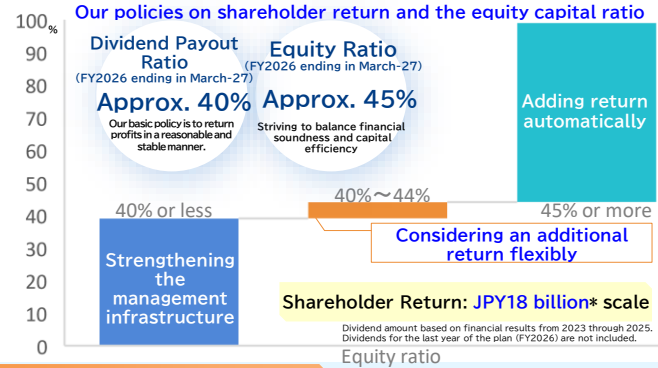
Changes in Returning Profit



16. Initiatives to Enhance Corporate Value -4

Shareholder Return

- In order to enhance corporate value, we strive to optimize capital efficiency while maintaining financial integrity with an equity ratio of approximately 45%. Our basic policy is to consistently and reliably return profits to shareholders.
- We are targeting a payout ratio of 40%, but will flexibly consider additional returns, including the purchase of treasury shares, depending upon changes in the business environment and the progress of individual business strategies and investments.



Investment Portfolio

- We plan to invest JPY40 billion in peripheral businesses and JPY9 billion in capital expenditures during the plan period.
- Returns from the previous investment will be partially realized during the period.
- An Investment Strategy Committee chaired by the Kumagai Gumi president will be set up as a management council starting in FY2024 to study, formulate, and monitor company-wide investment strategies, while inviting outside advisors as committee members who can provide guidance.
- Investments will also be expanded in order to enhance the management infrastructure.

External Advisor

Yuji Yashiro

Integral Corporation Executive Director (Current)



Graduated from the Faculty of Economics, Kyoto University. Engaged in M&A advisory services at GCA since 2011, handling deals in various industries such as construction and industrial. Joined Integral in 2018, overseeing various investment projects and promoting governance enhancement and corporate value improvement through on-site support at Toyo Engineering, Texend Photomask, and Asahi Kasei Medical.

Investment in Peripheral Businesses: JPY40 Billion



Capital Expenditures

JPY9 Billion

- Real Estate Development: JPY3 Billion
- Other Businesses: JPY1 Billion

◆ Investments in other management infrastructure R&D, human capital, digital transformation: JPY21 Billion

To realize our long-term vision, we will continue to invest even beyond the plan period, and will aim for an annual income of JPY13 Billion by FY2035.

FY2024 ending in Mar-25 – FY2026 ending in Mar-27

Investment Amount
JPY40 Billion

Recognized Income*
JPY40 Billion

* Income recognized during the period for cumulative investments

FY2027 ending in Mar-28 – FY2035 ending in Mar-36

16. Initiatives to Enhance Corporate Value -5

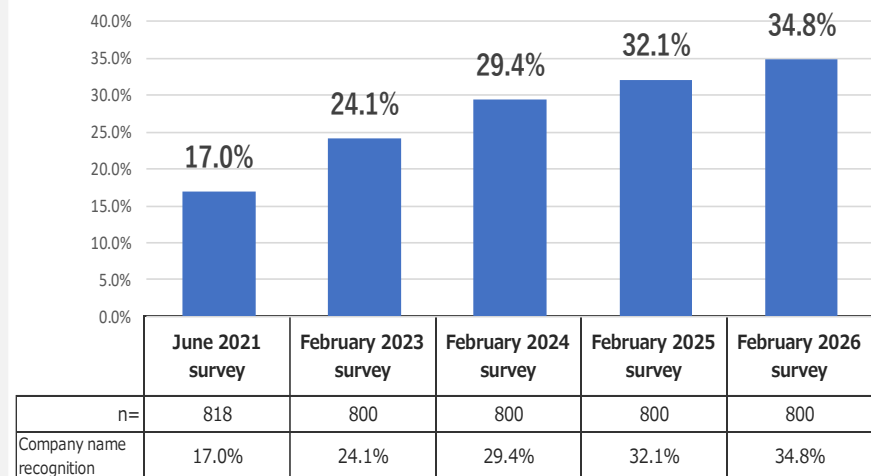
Since July 2022, we have been enhancing corporate advertisements to raise awareness of Kumagai Gumi.

Expected effects	<ul style="list-style-type: none"> (1) Recruitment support (2) Sales support (3) Increasing motivation
Main advertisements	<ul style="list-style-type: none"> (1) TV commercials (2) Web advertising (Yahoo!, Google, social media) (3) Transportation advertising (digital signage at stations, video ads in train cars) (4) Radio commercials (5) Newspaper advertisements

"Episode 'Making Smiles Come True'"



Recognition of Kumagai Gumi among the younger generation*:
 The level of recognition rose from 17% (before the corporate advertisements) to 34.8%.
 *Younger generation: College students and graduate students aged between 18 and 29 who are considering job hunting



Survey method: The survey was conducted by the Company using an online survey panel provided by a research firm.
 Scope of survey: Nationwide

Alliance with Sumitomo Forestry



熊谷組



住友林業



with TREE

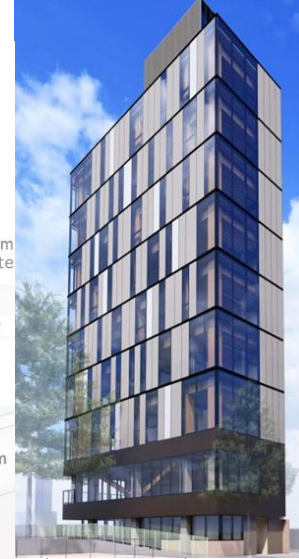
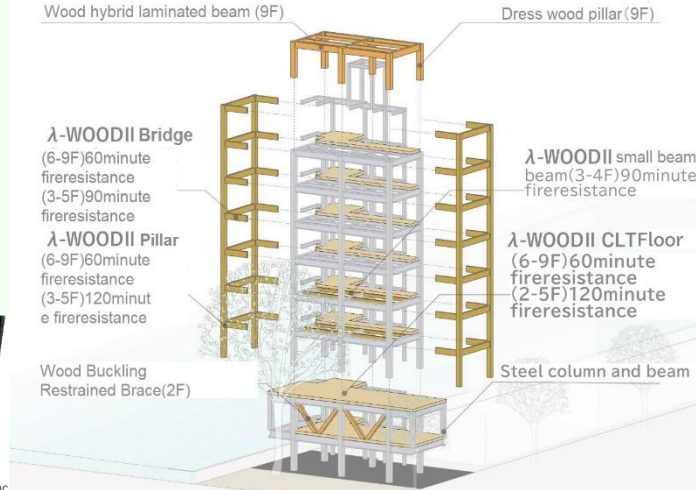
17. Alliance with Sumitomo Forestry

~ Major achievements related to the medium- and large-scale wooden construction projects ~






Medium- and large-scale wooden construction projects



We have received an order for the construction of The Sankei Building Co, Ltd.'s first hybrid timber building. The project is temporarily named the Akihabara Timber Office Building Plan. A feature of the plan is the KS Wood Buckling Restrained Brace's ability to bear seismic forces. The brace was jointly developed by us and other companies. It will also be the first use of the environmentally conscious λ-WOOD II with 1.5-hour fire resistance and CLT flooring with 1- and 2-hour fire resistance. Hybrid laminated timber with wood, which Sumitomo Forestry has obtained certification for, is used for the beams of the top floor, creating an atmosphere in which people can experience the feeling of wood.



(Temporary name) Akihabara Wooden Office Building Project

Construction name	Project owner	Structure/Floors	Use	Description of collaboration with Sumitomo Forestry
(Provisional name) H10 Gaien-mae new construction	Nomura Real Estate Development Co., Ltd.	Seven-story RC/W building with a penthouse floor	Office	Procuring wood materials
(Provisional name) H10 Shiba Koen new construction 	Nomura Real Estate Development Co., Ltd.	13-story S/W building	Office	Procuring wood materials
Yuzukushi Salon Ichinobo Seiryu-Kan rooms renovation	Ichinobo Co., Ltd.	Seven-story / two-story SRC building	Accommodation	JV, Cooperation of Sumitomo Forestry Home Tech Co., Ltd.
KAGA project new construction 	Beppo Corporation	Ten-story / one-story S/SRC building	Office	JV, procuring wood materials
Okawa-so, Tsukimi-tei, Koso renovation	Okawa-so	Seven-story / one-story SRC building	Accommodation	Cooperation of Sumitomo Forestry Home Tech Co., Ltd.
2025 Osaka Expo pavilion construction	Tamayama Digital Tech Co., LTD	S building	Exposition building	Plan to procure wood materials
Prefectural government building second annex new construction	Ehime	Eleven-story / one-story S building	Government building, assembly hall	ZEB (net zero energy building), CLT (cross laminated timber) earthquake-resistant wall
Midorigaoka elementary school separate new building construction	Yachiyo city	Three-story RC/W building	School building, gymnasium	JV
Kirishima Onsen AMA-TERAS renovation	FUJI RESORT Co., LTD	RC/W building	Accommodation	Cooperation of Sumitomo Forestry Home Tech Co., Ltd.
(Temporary name) Akihabara Wooden Office Building Project	THE SANKEI BUILDING CO., LTD.	9-story S/W building	Office	JV, procuring wood materials
Iwaki project	Kowa no Mori Inc.	S building/ one-story	Factory	JV
(Temporary name) Nakasukkawabata Wooden Office Building Project	Nomura Real Estate Development Co., Ltd.	S building/ ten-stories	Office	Procuring wood materials
(Tentative name) New Construction Project for the Kodemmacho Plan 	Hashimoto Sogyo Holdings Co., Ltd.	Eleven-story / one-story RC building	Housing	Jv
New construction of Play Earth Park Naturing gym building 	PLAYEARTHPARK, Inc.	Wooden structure, two floors	Amusement facility	Shared construction
(Tentative Name) HERE(R) Yotsuya Sanhome Development Project 	Takasago Thermal Engineering Co., Ltd.	Steel construction, 9 floors	Office	JV

17. Alliance with Sumitomo Forestry

~Joint Achievements (FY2018-2023) and Targets for Mid-term Management Plan (FY2024-2026) ~

Joint Achievements(FY2018-2023)

Targets for Mid-term Management Plan(FY2024-2026)

Lignification and Green Building Projects



Cumulative Orders Received
JPY97 Billion *1

Cumulative Sales
JPY71 Billion

Gross Profit from Completed Construction
JPY4.4 Billion

Launch of the "with TREE" Brand **Wood Design Award**
 ➔As a result, together we won several wooden construction contracts, including the H1 O series of office buildings and public facilities, through JV formation and cooperation in material procurement.

Introduced "One Click LCA" CO2 Calculation Software
 ➔Visualizing the benefits of reducing environmental impact and receiving orders for joint projects.

Value-added Proposals for Building Green
 ➔As a result, we won orders for environmental green building projects for residences, university facilities and office buildings (PREX series) through our joint efforts.

Renewable Energy



Accumulated Investment
JPY300 Million *2

Production and sales of "Black Bark Pellets" (BBP)
 ➔"Local Energy System Corporation" The operating company was established in May 2023 and upon the construction of their first plant, located in Saijo City, Ehime Prefecture, began to manufacture BBP (Black Bark Pellet).

Overseas Business



Accumulated Investment
JPY7 Billion *2

Structure ESG-friendly real estate and wood building development projects in the U.S., Australia and Europe
 ➔Kumagai Gumi invested in the ESG-friendly real estate fund structured by Sumitomo Forest and Crescent Communities.

Joint participation in development projects in Southeast Asia - Indonesia and Vietnam
 ➔We jointly participated in commercial complex development projects in Indonesia.

Joint Research and Development



Joint Development of "KS Wood Buckling Restrained Brace" **Wood Design Award**
 ➔Winner of the Wood Design Award 2023

Development of general-purpose design technology for high-rise wooden buildings to increase demand for wood (PRISM).

Research on labor saving through automation of forestry machinery systems (the operations of this systems will be applied on the moon)



Orders Received
JPY120 Billion

Sales
JPY100 Billion

Gross Profit from Construction
JPY9 Billion *3

Amount Invested
JPY10 Billion Scale

Recognized Revenue
Approx. *4
JPY3 Billion

●Strive to further reinforce the two pillars of our alliance: the "with TREE" brand, and environmentally green building construction.

●Strengthen proposals for various CO2 reduction technologies to meet customer needs.

●Expanding orders for large-scale projects through greening proposals. Promote environmental real estate initiatives and orders

●Establishment of "Black Bark Pellet Business" base, manufacturing and sales business. (Production and sales are scheduled to begin in FY2026.)

●Participation in renewable energy projects.

●Continued investment in overseas real estate development businesses and domestic real estate development business.

●Real estate fund investment, including participation in income-generating projects and development projects in fast-growing Southeast Asia and environmentally conscious Europe and the United States

●Sumitomo Forestry, NTT Urban Development, and Kim Oanh Group, a leading local real estate developer, collaborate to launch Hoa Lanh Township development project in Vietnam

●Adoption of "KS Wood Buckling Restrained Brace" and various other developed technologies in properties

●Promote technological developments that can help create a decarbonized society, including the development of wood-based construction technologies.

*3 Aim for a profit margin of 9% or more.
 *4 Revenue recognized during the period on the cumulative investments.

*1 Includes projects which both companies were involved in from the design stage and contributed to the orders received by our Group companies.
 *2 Our investment in the project in which both companies participate.

17. Alliance with Sumitomo Forestry

~Initiatives in the Mid-term Management Plan (FY2024-2026) ~

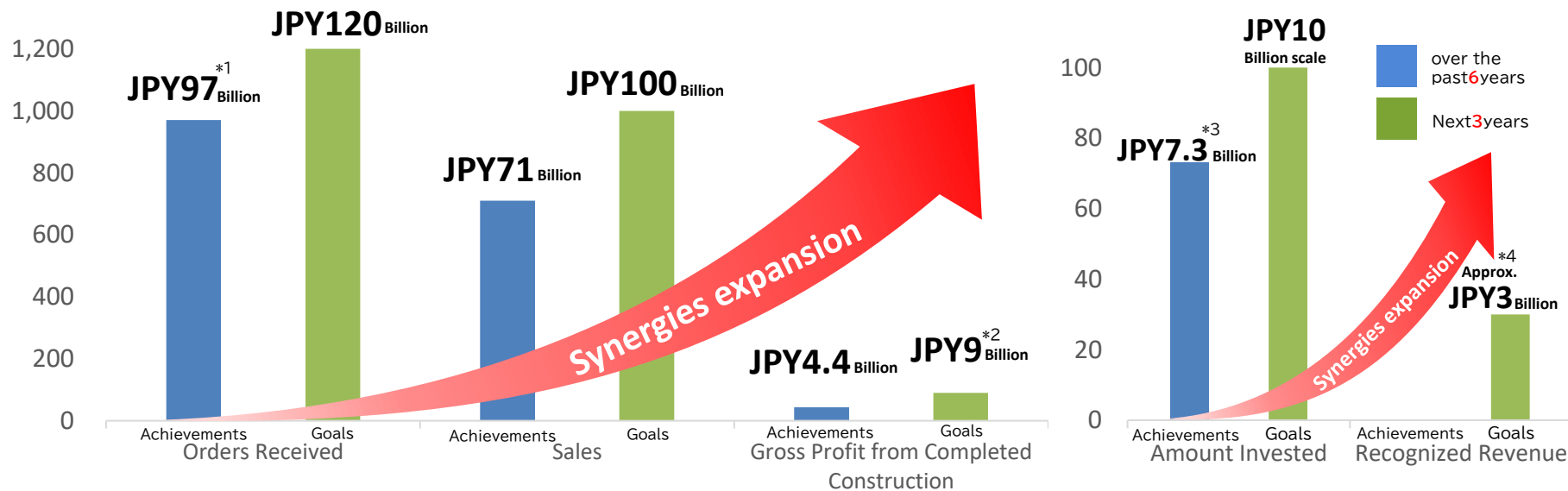
Policies

- In the medium- to large-scale wooden construction business, Kumagai Gumi aims to further increase orders by leveraging the knowledge and project proposal capabilities it has accumulated through its collaboration with Sumitomo Forestry, as well as Sumitomo Forestry's brand power in wooden construction.
- We also aim to expand our business domain both by continuing to invest in overseas real estate development, which is one of Sumitomo Forestry's fortes, and by considering participation in environmentally friendly real estate businesses in Japan.

- **Construction**
 - Strive to further reinforce the two pillars of our alliance: the "with TREE" brand, and environmentally green building construction.
 - Strengthen proposals for various CO2 reduction technologies to meet customer needs.
- **Investment**
 - Continued investment in overseas real estate development businesses and domestic real estate development business.
 - Establishment of "Black Bark Pellet Business" base, manufacturing and sales business.
- **Technological Development**
 - Participation in overseas renewable energy projects.
 - Promote technological developments that can help create a decarbonized society, including the development of wood-based construction technologies.

Regarding the change in equity stake ratio
 In January 2026, with the aim of enhancing capital efficiency and further increasing shareholder value, approximately 30% of the shares held were mutually sold, resulting in Sumitomo Forestry holding 15.0% of our shares (previously 21.6% before the sale), and our company holding 1.7% of Sumitomo Forestry's shares (previously 2.5%).

Achievements(over the past 6years)and Goals(Next 3years) ~ We are committed to creating further synergies. ~



^{*1}Includes projects which both companies were involved in from the design stage and contributed to the orders received by our Group companies. ^{*2}Aim for a profit margin of 9% or more. ^{*3}Our investment in the project in which both companies participate. ^{*4}Revenue recognized during the period on the cumulative investments.



Tao Zhu Yin Yuan Tower (Taipei City)

Status of efforts towards non-financial targets



18. ESG Initiative Direction

- **As of May 2024, we have revised the key issues and reviewed specific issues.**

- 1 Kumagai Gumi identifies material issues to be resolved from the perspective of Environment, Social, and Governance, and pursue sustainable business activities.
- 2 Kumagai Gumi creates new value by leveraging the Group's technologies, experience and expertise. We engage in business activities that contribute to the resolution of social issues represented by SDGs.
- 3 Through its business activities, Kumagai Gumi aims to build relationships of trust with its stakeholders and increase its corporate value.

Revision of Key issues (Materiality)

In May 2024, we specified Key issues again considering recent social trends. In the same time, we revised Specific issues that are risks or opportunities with a medium to long-term perspective in mind.

1.Changes in the external environment












Our group's business has been affected, such as intensification natural disasters, the impact of the COVID-19 pandemic, certain regions are concerned about political and military tensions, such as Russia's attacks on Ukraine.

2.Demand from society

We conducted dialogues to gather input from stakeholders such as investors, customers, and employees.

21. ESG Initiative Direction – Key Issues and Specific Issues

As of May 2024, we have revised the key issues and reviewed specific issues.

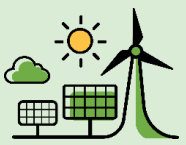
	Key Issues	Specific Issues	SDGs
	<p>Response to Climate Change Risks</p>	<p>Accomplishment of carbon neutrality. Further increase renewable energy business.</p>	 
	<p>Promote Environmentally Friendly Business</p>	<p>Accomplishment of zero emissions. Boost wooden construction business. Development of environmentally friendly technologies. Accomplishment of Nature Positive.</p>	 
	<p>Creating the well-being workplace For all employees</p>	<p>Human capital management. Handing down skills and technologies. Promotion of DX. Achieve work-life balance. Promotion of diversity and inclusion. Securing skilled workers in the construction industry. Create an environment of wellness. Occupational Health & Safety.</p>	   
	<p>Achievement of Sustainable Communities</p>	<p>Ensure quality and integrity in manufacturing. Attractive communities development. Development of resilient social infrastructure. Initiatives to solve social issues. Initiatives for emergencies such as natural disasters.</p>	  
	<p>Enhancing of Corporate Governance</p>	<p>Strengthening compliance. Strengthening risk management. Improvements of the effectiveness of the board of directors. Respect for human rights.</p>	 
	<p>Proactive Relationships with Multi-stakeholders</p>	<p>Strengthening customer satisfaction. Strengthening supply chain management. Strengthening information disclosure. Active dialogue with investors.</p>	

21. Key Issues • Specific Issues Indicators and Targets <Environment>

E

Key Issues(Materiality)

Specific Issues



Response to Climate Change Risks





①Accomplishment of carbon neutrality
 ②Further increase renewable energy business

Promote Environmentally Friendly Business

③Accomplishment of zero emissions
 ④Boost wooden construction business

⑤Development of environmentally friendly technologies
 ⑥Accomplishment of nature Positive

SDGs

ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024–FY2026) Indicators and targets (KPIs) * for each fiscal year	FY2024 performance	New targets	
Key issues (Materiality)	Specific issues					
Environment	Response to climate change risks	Accomplishment of carbon neutrality	CO ₂ emissions reduction activities	Scope 1+2: 4.2% reduction Scope 3: +13.4%	Continued	
		Further increase renewable energy business	Strengthen promotion of renewable energy business	Number of domestic projects: 3 Initiatives: 5 Overseas projects: 1		
Environment	Promote environmentally friendly businesses	Achievement of zero emissions	Activities to reduce mixed waste discharge	Total mixed waste discharge rate: 2.0% or less*	1.7%	No change made to target
		Boost wooden construction business	Medium- and large-scale wooden construction business initiative, expanding orders	Domestic orders: 3 or more/ Number of overseas investments: 3 or more	Domestic: 5 or more/Overseas: 1 or more	Domestic orders: 4 or more each year Overseas: Same target
		Development of environmentally friendly technologies	Strengthening research for carbon neutrality	Technology development initiatives: 6 or more	11	16 or more
			Initiatives for environmentally considerate architecture (ZEB, etc.)	Number of environmental proposals: 6 or more	7	6 or more each year
		Accomplishment of nature positive	Business related to recovery of ecosystems	Development & Sales Sites with decarbonization fuel: 2 or more	1	Continued
	Quality and Environment Management System operation and improvement	Serious environmental incidents during construction: 0 cases*	0 cases	No change made to target		

21. Key Issues • Specific Issues Indicators and Targets <Society>

S

Key Issues(Materiality)

Specific Issues

SDGs

Creating the well-being workplace for all employees.

Achievement of sustainable communities.

①Human capital management.
②Handing down skills and technologies.
③Promotion of DX.
④Achieve work life balance.

⑤Promotion of diversity and inclusion.
⑥Securing skilled workers in the construction industry.
⑦Create an environment of wellness
⑧ Occupational Health & Safety

⑨Ensure quality and integrity in manufacturing
⑩Attractive communities development.

⑪Development of resilient social infrastructure.
⑫Initiatives to solve social issues
⑬Initiatives for emergencies such as natural disasters

ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024–FY2026) Indicators and targets (KPIs) * for each fiscal year	FY2024 performance	New targets	
Key issues (Materiality)	Specific issues					
Social	Creating the well-being workplace for all employees	Human capital management	New graduate hiring activities Improvement on employee engagement	Number of new graduate hires: Considered each fiscal year (132) Engagement rating: Rating*1 "BB"	115 B	April 2026: 124** Continued
		Handing down skills and technologies	Support for acquiring national qualifications	First-Class Engineering Works Execution Managing Engineer: 90% or more* First-Class Building Operation and Management Engineer: +1% or more each year* First-Class Architect: +1% or more each year*	92.8% (0.3%)*2 (0.8%)*3	No change made to target
		Promotion of DX	Standardization of ICT to improve on-site management efficiency Renovation of core systems	Rate of new on-site implementation: 100%* Rate of progress of system development: 100%	98.7% 85%	Continued
		Achievement of work-life balance	Balance between work and private life, etc. Efforts to streamline and equalize operations	Holidays: 8 days/4 weeks (on-site)* Number of overtime hours worked: 30 hours or less*	83.5% 16.4 hours	
		Promotion of diversity and inclusion	Action plan for active participation by women:	Percentage of newly appointed women in manager positions: 7% or more* Acquisition of childbirth-related leave by men: 70% or more*	32.1% 89.4%	No change made to target
	Achievement of sustainable communities	Securing skilled workers in the construction industry	Securing workers by opening sites to the public	Site and workplace tours held: 100 or more*	Civil Engineering: 105 projects / Architectural Construction: 227 projects	No change made to target
		Creation an environment of wellness	Health management for employees	Secondary health exam checkup rate: 100%*	51.5%	
		Occupational healthy and safety	Improvement of safety management standards	Frequency rate: 0.5 or less*	0.74	
		Ensure quality and integrity in manufacturing	Quality and Environment Management System operation and improvement	Serious quality incidents during construction: 0*	0 cases	No change made to target
		Attractive communities development	Expansion of real estate business Initiatives for urban redevelopment	Income-producing real estate business participation: Domestic: 3 or more projects/Overseas: 1 or more projects Number of initiatives (number considered ~ in progress): 6 or more Number of orders for infrastructure development projects: 2 or more	Domestic: 2 or more projects / Overseas: 1 or more projects 6 Overseas 0	Domestic: Continued Overseas: 3 or more projects Continued
Development of resilient social infrastructure	Solving social issues in Asian countries	Infrastructure development to handle wide range of natural disasters (disaster prevention and mitigation)	Number of initiatives: 20 or more	59	20 or more each year	
	Initiatives to solve social issues	Development of technologies for future societies Creation of new business	Technology development initiatives: 6 or more Number of initiatives: 2 or more commercialization	11 Number of initiatives: 1	13 or more Continued	
		Promotion of social contribution activities	Increase in number of participants (total)	2,312 (192 persons increase)	Increase in the number of participants each year	
Initiatives for emergencies such as natural disasters	Technical development related to incidents like natural disasters	Number of developments: 2 or more	4 cases	4 or more projects		

*1 Link and Motivation Inc. "Motivation Cloud" *2 Acquisition rate: 87.2% in FY2023, 86.9% in FY2024 *3 Acquisition rate: 56.0% in FY2023, 55.2% in FY2024 *4 The target number of new graduate hires is reviewed annually, regardless of achievement status

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21. Key Issues • Specific Issues Indicators and Targets <Governance>



G


Key Issues(Materiality)

Specific Issues

SDGs





Enhancing of corporate governance.

Proactive Relationships with Multi-stakeholders.

①Strengthening compliance.
②Strengthening risk management.

③Improvement of the effectiveness of board meetings.
④Respect for human rights.

⑤Strengthening customer satisfaction.
⑥Strengthening supply chain management.

⑦Strengthening enhancing information disclosure.
⑧Active dialogue with investors.

ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024–FY2026) Indicators and targets (KPIs) * for each fiscal year	FY2024 performance	New targets	
Key issues (Materiality)	Specific issues					
Governance	Enhancing of corporate governance	Strengthening compliance	Establishment of internal and external systems to prevent legal violations	Number of cases of serious violations of law and regulations: 0*	0 cases	No change made to target
		Strengthening of risk management	Confirmation of safety of employees during major disasters	Safety confirmation system response rate during training: 100%*	100%	
		Improvement of the effectiveness of the Board of Directors	Evaluation and Improvement of the effectiveness of the Board of Directors	Improved evaluation including outside experts	Initiative in progress	Continued
		Respect for human rights	Initiatives for preventing and mitigating human rights risks	Implementation of human rights due diligence: Expansion applicable companies	Initiative in progress	
Governance	Proactive relationship with multi-stakeholders	Strengthening CS	Promote initiatives to improve CS	Customer satisfaction: 100%*	95.3%	No change made to target
		Strengthening of supply chain management	Compliance with Procurement Policy and Procurement Policy Guidelines	Fraudulent transactions: 0*	0 cases	
		Strengthening of information disclosure	Timely, appropriate and proactive disclosure of information	Improve evaluation by ESG evaluation organizations, etc.	Initiative in progress	Continued
		Active dialogs with investors	Active dialog with institutional investors and others	Number of participants in meetings and financial briefings: 10% (compared to previous FY)	34.4% increase	Increase of 10% each year

22. Participation in Outside Evaluations and Initiatives



Signed and joined UN GLOBAL COMPACT



Endorsement of recommendations by Task Force on Climate-related Financial Disclosures (TCFD)



Certified as an SBT Initiative Company



Joined the international initiative RE100



A- List for CDP Climate Change Division



A- Score for CDP Water Security



Supplier Engagement Rating by CDP "Supplier Engagement Leader" selection



Certified as an ECO FIRST company



Water Cycle ACTIVE Company Certification



Joined Japan Climate Leaders Partnership (JCLP) as a supporting member



Registered as a ZEB developer



Registered as a ZEH developer



Endorsed the Taskforce on Nature-related Financial Disclosures (TNFD)
Endorsed the Keidanren (Japan Business Federation) Declaration of Biodiversity Initiative



Earned the third highest level of Eruboshi certification



Certified as an Excellent Corporation for Health Management 2024 in the large corporation division.



Selected as a Nadeshiko brand.



Selected as one of the 100 New Diversity Management Companies.



Awarded "Gold" in the PRIDE Index for LGBTQ Initiatives



Certified as a "Company Supporting Child-Rearing" (Kurumin Certification)



Endorsement of the "My Declaration of Human Rights" by Ministry of Justice



Endorsement of the "My Declaration of Human Rights-Sexual Minorities Edition" by Ministry of Justice



Selected as a constituent of the S&P/JPX Carbon Efficient Index



Selected as a component of the FTSE Blossom Japan Sector Relative Index



Selected as a "DX Certified Business" by the Ministry of Economy, Trade and Industry



Keidanren 1% Club joined



【Cautionary Statement Regarding Forward-Looking Statements】

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between the English translation and the Japanese original, the original version shall prevail.